

**US to check if farmer income too high for subsidy**

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WASHINGTON, March 19 (Reuters) - The government will check U.S. tax forms so it doesn't pay crop subsidies to ineligible rich Americans, the administration said on Thursday.

"The goal is to limit excessive payments while providing for fairness to family farmers," said Treasury Secretary Tim Geithner in a statement.

President Barack Obama has pledged to close **farm-program** loopholes that favor big operators and to focus benefits on family farms. To achieve the goal, he has proposed steps such as a \$250,000 a year limit on payments.

The 2008 law tells **USDA** to check income tax forms as part of verifying eligibility for farm subsidies. **USDA** said it will require farmers to sign a form allowing it to check their tax reports.

**USDA** has no estimate of savings from the step, which applies to this year's crops and succeeding crops. Crop and dairy subsidies are projected for \$6.8 billion this year.

Congressional auditors reported last fall the Agriculture Department paid \$49 million from 2003-06 to 2,702 people who apparently earned too much money to qualify for crop supports. There were 1.8 million subsidy recipients during that period.

As many as 23,506 people could be ineligible under the lower income cut-offs set by the 2008 law, said the auditors.

People with more than \$500,000 adjusted gross income (AGI) from off the farm are barred from crop subsidies under the 2008 law. Those with more than \$750,000 AGI from agricultural sources are ineligible for the direct payment subsidy but get price supports and counter-cyclical payments.

The 2008 law is the first to bar payments to the wealthiest Americans. Previous limits had exceptions for people who got the bulk of their money from farm, ranch and forestry.

On Dec 29, **USDA** said in an interim regulation farmers annually must provide a certificate that they do not exceed the income limit, "the relevant Internal Revenue Service documents and supporting financial data as requested" and authorization for **USDA** to obtain tax data from IRS.

**USDA** is expected to decide later this year whether to change its definition of who is a **farmer** and thus can collect subsidies. Reformers say stricter rules would curtail payments to absentee investors and make it harder to evade payment limits through "paper" reorganizations of big operations.

"I think that's the biggie," said Ferd Hoefner of the National Sustainable Agriculture Coalition, a small-farm group.

Besides lower income limits, the 2008 law requires payments be tracked to individuals and it ended the practice of collecting subsidies indirectly. (Editing by Christian Wiessner)

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**IRS, USDA crack down on millionaires who receive farm subsidies by mistake**

By MARY CLARE JALONICK

Associated Press Writer

340 words

19 March 2009

18:41

Associated Press Newswires

English

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WASHINGTON (AP) - The Internal Revenue Service and the Agriculture Department are cracking down on millionaires who receive farm subsidies by mistake.

A report released last year shows that a sports team owner, a financial firm executive and 2,700 other millionaires were receiving farm payments even though they probably were ineligible. The Agriculture Department said they did not have access to IRS information that could have disqualified them.

Agriculture Secretary Tom Vilsack announced Thursday that his department will now work with the IRS to verify the incomes of subsidy recipients. Those receiving government farm payments will be required to sign a separate form that will give the Agriculture Department access to IRS information about their income.

The report last year by the Government Accountability Office reviewed farm payments sent between 2003 and 2006. During that time, an individual or farm entity was ineligible for subsidy dollars if average adjusted gross income exceeded \$2.5 million over three years -- unless 75 percent or more of that income came from farming, ranching and forestry.

According to the report, 2,702 recipients exceeded the \$2.5 million and got less than 75 percent of their income from these activities. The payments to them totaled more than \$49 million.

Wisconsin Rep. Ron Kind, a Democrat, has introduced legislation in Congress that would implement similar rules to those issued by the administration Thursday. Kind's bill goes further, however, to increase penalties for noncompliance. It would also require all applicants to be screened automatically, instead of asking producers to sign a waiver allowing the department to access their information.

The new rules are part of an Obama administration effort to improve coordination between agencies and trim waste from departmental budgets.

The Department of Agriculture says it has already saved an estimated \$25 million through a series of other cost-saving measures, including moving some programs from paper to online and cutting travel costs for employees.

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Des Moines Register

March 20, 2009



## USDA gains access to tax records of farmers

By PHILIP BRASHER  
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**Washington, D.C.** — Farmers, get ready to let the U.S. Department of Agriculture look at your tax records.

In an effort to catch wealthy people who are ineligible for government farm subsidies, recipients will be required to sign a form allowing the Internal Revenue Service to provide their tax records to the USDA.

USDA officials say their inability to get access to IRS records in the past has made it difficult to catch subsidy recipients who exceeded income limits.

The Government Accountability Office last year found 2,702 wealthy people who collected \$49 million in subsidies in apparent violation of income rules. However, USDA officials were not allowed to see the names because GAO investigators had used private IRS records to identify them.

"Once this verification system is fully operational, high-income individuals and entities will be identified by USDA before farm program payments are actually disbursed to them," said Agriculture Secretary Tom Vilsack.

The program is expected to begin with subsidies for this year's crop.

Under the 2008 farm bill, farmers are ineligible for some subsidies if they have more than \$500,000 in nonfarm income or \$750,000 in farm earnings.

The GAO report found that an insurance company executive collected about \$300,000 a year in farm subsidies from 2003 through 2006 despite exceeding a \$2.5 million income eligibility limit that was in effect at the time. An owner of a professional sports franchise received about \$200,000 a year in subsidies.

The GAO investigated the USDA's enforcement of subsidy eligibility rules at the request of Sen. Charles Grassley, R-Ia.

Allowing the USDA to use IRS data will help ensure payments go to people "who need it most" without compromising the confidentiality of tax records, he said.

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## HILL BRIEFS

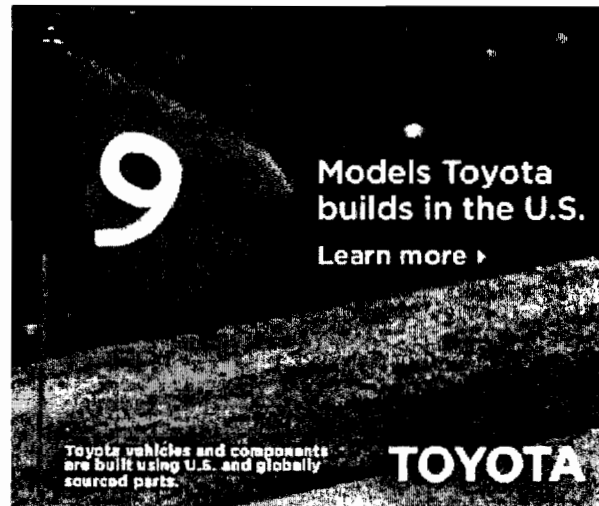
### USDA To Start Getting Data On Farm Incomes

Agriculture Secretary Vilsack and Treasury Secretary Geithner announced Thursday that beginning with the 2009 crop year, all farm program participants will be required to sign a form giving the IRS authority to provide income information to USDA to verify that their incomes do not exceed limits established in the 2008 farm bill.

A 2008 GAO study that showed that between 2003 and 2006, USDA had made more than \$49 million in payments to 2,500 farmers whose incomes exceeded subsidy-payment limits. GAO said USDA should review tax returns. About 1.8 million farmers receive subsidies.

The 2008 farm bill makes farmers ineligible for the direct payments program if their adjusted gross income from farming for the past three years averaged more than \$750,000 or their nonfarm income exceeded \$500,000.

## ADVERTISEMENT



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## Businesses Will Lobby to Allow Mexican Truckers Access to U.S. Roads

By Colby Itkowitz, CQ Staff

Stung by retaliatory tariffs that Mexico imposed this week on U.S. products, business groups are planning a concerted lobbying effort to revive a program allowing Mexican truckers on U.S. highways.

Congress included language in the recent omnibus spending law (PL 111-8) to shut down a Bush administration pilot program that allowed approved Mexican trucking companies to send their vehicles beyond a narrow border zone.

Mexico complained that the action violated the requirements of the North American Free Trade Agreement (NAFTA, PL 103-182) and retaliated by slapping duties of 10 percent to 40 percent on U.S. goods.

The National Pork Producers Council is rallying groups representing textile and apparel makers, farm producers, and other industries that export goods to Mexico for a strategy session March 23 to devise a plan for lobbying Congress and the Obama administration on the issue.

“It’s a huge deal,” said Beth Watson, the group’s director of international trade policy and economic analysis. “A lot of people did not take the threat seriously.”

The tariffs, which took effect March 18, cover about 90 U.S. products, as varied as Christmas trees, pet food, beer and onions. The higher price of shipping U.S. products is expected to slow sales in Mexico.

For example, Mexican shoppers will now find American wines to be 20 percent more expensive and grapes 40 percent more expensive than they were earlier this week, said Carlos Angulo-Parra, a member of the Border Trade Alliance, a group created to address key issues affecting trade and economic development in North America.

“Mexican consumers can choose between other products coming from Europe and China,” Angulo-Parra said.

“We’re very concerned. And with the current economy, any disruption is not a positive outcome,” said Robert Guenther, senior vice president of public policy at the United Fresh Produce Association. “We’re going to be talking pretty strongly to try to rectify this as soon as possible.”

Guenther said he had been on a conference call Thursday to discuss putting together a lobbying campaign targeted at key lawmakers.

### Halt to Program Seen as ‘Just Politics’

The defunct pilot program gave approved Mexican trucking companies the same kind of open access to U.S. highways that Canadian truckers have.

Critics of the program, including groups representing independent truckers and the Teamsters union,

objected that background checks and driving tests for Mexican truckers do not measure up to U.S. standards.

They contend that Mexican trucks should not be allowed on U.S. highways until their commercial driver's license standards equal those of the United States.

But Gerardo Funes, director of the U.S.-Mexico Chamber of Commerce's binational office, said the decision to shut out the truckers was "just politics."

"The United States decided not to honor the trucking issue, and Mexico can't just close its arms," Funes said.

Rep. Jeff Flake, R-Ariz., introduced legislation on Thursday (HR 1611) that would restart the pilot truck program. He said that would bring the United States into compliance with NAFTA.

"It defies logic that the U.S. would risk a trade war during a recession with our third-largest trading partner just because we refuse to allow less than 100 trucks from Mexico into the country," Flake said in a statement.

He also sent a letter to President Obama offering to help him put the program back together. Obama has said he is interested in revisiting a cross-border trucking program to honor NAFTA. The president is planning a trip to Mexico in mid-April, where he is expected to discuss the topic.

Funes said that with heavy pressure from American businesses, the issue can be settled within six months to a year.

Meanwhile, American businesses will take a hit.

Janet Kavinsky, transportation director for the U.S. Chamber of Commerce, said she'll work the Hill to help any way the Chamber can.

"The main underlying issue is that votes were driven by emotions and not facts," Kavinsky said.

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## Mexico urges US to stick to trade deal

[Print](#)

By Adam Thomson in Mexico City and Daniel Dombey in Washington

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Mexico has called for full liberalisation of the US transport sector to resolve an escalating trade dispute between Washington and its southern neighbour.

Beatriz Leycegui, under-secretary for international trade at the economy ministry, told the Financial Times: "We expect them to open up the sector completely, which is what they are obliged to do."

Her comments come after US legislation last week sparked off the dispute by scrapping a pilot programme that allowed some Mexican trucks to deliver products to US destinations.

Under the North American Free Trade Agreement, the 1994 deal between the US, Canada and Mexico, Washington should have opened up its transport sector to Mexican competition by 2000. It has failed to do so.

US-Mexico relations were already under scrutiny because of a surge in drugs-related violence in the border area.

Congressional opponents of the trucking project said they were motivated by safety concerns. The Teamsters union, which represents US truck drivers, has opposed the scheme.

President Barack Obama has asked the US Departments of State and Transport to work together with the US Congress and the Mexican government on a new trucking programme, in a move that falls short of Mexico's demands.

Ms Leycegui confirmed that Mexico would retaliate by levying import duties ranging from between 10 and 45 per cent on 90 US products, which had previously entered with zero tariffs.

The import tax, due to come into effect yesterday, included duties on mineral water, pet food, fruit juice, toiletries, wine, pencils, notebooks and some fresh fruit and vegetables.

Ms Leycegui said duties on the affected imports – with a total value of \$2.4bn (€1.8bn, £1.6bn) last year – was "equivalent to the damage caused by the US decision" to suspend the programme.

She said it was unlikely that Mexico would add more products to the list but left open the possibility of varying the products.

"They have to answer for the damage caused by their action," she said.

A US state department spokesman said: "I'm hoping that there will not be a significant impact on American business ... We're trying to work through this issue diplomatically." He said Hillary Clinton, US secretary of state, would discuss the issue on a two-day trip to Mexico next week. Mr Obama plans to visit the country next month.

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**DOW JONES**



## **INTERVIEW-U.S. farm group backs world grain reserve proposal**

By Silvia Aloisi  
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10:17  
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English  
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ROME, March 19 (Reuters) - Setting up a world grain reserve is a realistic option that would reduce the risk of food shortages and shield farmers from big price shocks, a senior official with the U.S. National Farmers Union said on Thursday.

The proposal to create global cereal stocks topped the agenda of a meeting of farmers' unions from the Group of Eight industrialised countries in Rome aiming to come up with a common position on food security ahead of a G8 summit in Italy in July.

"We should have a world food reserve, a world grain reserve to protect against times when there are food shortages," Robert Carlson, the NFU's director of international relations, told Reuters in an interview.

"Also, from a farmers' perspective...it would function as something of a price floor, allowing to take grain off the market and put it in the reserve when production is high and prices are low," he said on the sidelines of the meeting.

World cereal prices soared to record highs in 2007 and in the first half of 2008, fuelling spikes in food prices that triggered riots in some developing countries. Grain prices have fallen back since because of large crops last year, but in many domestic markets, food prices have remained high.

Carlson said it would take "a lot of study and a lot of discussion" to figure out how the global reserve would work but called it a realistic option.

"I think it's more realistic than the current free trade agenda," he said, adding that the stalled Doha round of negotiations on international trade needed to be recalibrated to take into account the importance of agriculture.

"They tend to treat agricultural goods as if they were manufactured goods, but wheat and corn are different from toasters and record players," he said.

Participants at the Rome meeting generally called for mechanisms to protect farmers and consumers from market volatility and speculation although not all were in favour of creating a global grain reserve. Meurig Raymond, deputy president of the British National Farmers Union, told Reuters his group backed negotiations with big food retailers "so that everybody in the supply chain can have their margins", rather than large intervention stocks.

The meeting's final statement simply called for a better management of global stocks and urged governments to invest more in agriculture to cope with growing demand.

"An unregulated market would create unacceptable social costs for agriculture businesses," it said.

The recommendations will be discussed at a G8 meeting of agriculture ministers in April. Italy holds the presidency of the G8 this year, has said food security would also be on the table at the G8 summit in July.

The G8 also includes Britain, Canada, France, Germany, Japan, Russia and the United States. (Editing by Anthony Barker)

CEREALS-G8/US (INTERVIEW)|LANGEN|ABN|C|GRO|M|D|UKI|RNA|ABX|BNX|FUN|MTL|SOF



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**DOW JONES**

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## Dow Jones Newswires

### Canada Urges South Korea To Resume Beef Imports - Yonhap

147 words

20 March 2009

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Dow Jones International News

English

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DOW JONES NEWSWIRES

The Canadian agriculture minister on Friday said South Korea should resume imports of Canadian beef as all beef products are safe, the Yonhap news agency cited trade officials as saying.

Gerry Ritz told South Korean trade minister Kim Jong-hoon in Seoul that Canadian beef in 2007 was classified as a "controlled risk" by the World Organization for Animal Health, which means it can export all beef parts except for certain specified risk materials, the news agency cited the officials as saying.

Canada was the fourth-biggest exporter of beef to the Asian nation before its beef was banned by South Korea in 2003, in light of a reported case of **mad cow** disease. Its 15th case of the disease was reported in November last year, according to the news agency. [ 20-03-09 1003GMT ]

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News; A  
**Food stamps for the wealthy spark anger**

Carrie Whitaker cwhitaker@enquirer.com  
The Enquirer/Cara Owsley  
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18 March 2009  
The Cincinnati Enquirer

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**RULES AMENDED TO LOOK AT JUST INCOME, NOT ASSETS**

By Carrie Whitaker

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Some people in Warren County need food stamps – but not someone who has \$80,000 in the bank, a paid-off \$311,000 home and a Mercedes, county commissioners said Tuesday.

And if they have to fight the state and federal governments over it, they will.

County commissioners recently learned that a woman with all of those assets had qualified for \$500 a month in food stamps after she lost her job.

A new rule by the Ohio Department of Job and Family Services says **food stamp** eligibility rules are based on income and no longer take into account "resources," such as savings accounts, stocks, cars or other belongings.

But Tuesday, Commissioner Dave Young said in front of an audience of county staff, residents and media that the new rule makes no sense.

"Here's where it gets really offensive. Even if I was a liberal Democrat, I would be absolutely fired up right now," Young said. "That money is supposed to go to the people that actually need it. I'm outraged."

The three-member commission took no vote Tuesday. Instead, acting on advice from their attorney, the commissioners directed County Administrator Dave Gully to send a letter to Ohio Department of Job and Family Services officials telling them that the county plans to stop giving "categorical eligibility."

Warren County will resort back to how food stamps were awarded before the new rules, which took effect in October.

State officials were not at Tuesday's meeting to explain the change. As of 4:30 p.m. Tuesday, Gully said he was still waiting for a phone call back from Director Douglas Lumpkin.

"I want to ask if they are aware of the unintended results of the rule change, and if so, are they willing to tighten up the regulations to close the loophole," Gully said.

Warren County human resources staff has obeyed the new rule since October, said Doris Bishop, who leads the county department.

However, staff had become concerned about several seemingly well-off people in Warren County collecting food stamps. They are people who would not qualify for any other social services offered by her department, Bishop said, because they have too many resources.

Exactly how many people are in such situations isn't clear, because a **food stamp** applicant's assets are brought to light only if the person applies for other services that require disclosure.

Commissioner Pat South called for residents – not just county commissioners – to stand up against the new rules.

"I don't think they ever thought people with these types of resources would ever come in thinking they would

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apply for benefits. This is just a big, bad loophole," South said.

Commissioner Michael Kilburn, who is known for speaking his mind, said the practice of granting food stamps to people of means must stop – even if doing so leads to fines or a lawsuit.

"If they want to fly in here from Washington or drive down here from Columbus and start administering this program for us, let them do it," Kilburn said. "They can fine us or take the program away. There comes a time when common sense and doing what's right has to take a front seat to the law."

Before killing the program, Bishop said, Kilburn should consider the poor, elderly and disabled who rely on the county for food stamps. Bishop also warned the commissioners that if they deny someone food stamps, they could be summoned to a hearing in Columbus.

"Honestly, that's OK. I want to draw attention to this," Young said. "Whether you are on the far right or the far left, once people hear about this, everyone is going to hate this."

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**Senate passes long-stalled public lands bill, including Wyoming Range protections**

By MATTHEW DALY

Associated Press Writer

793 words

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Associated Press Newswires

English

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WASHINGTON (AP) - For the second time this year, the Senate has passed a long-delayed bill to set aside more than 2 million acres in nine states as protected wilderness, from a California mountain range to a forest in Virginia.

The 77-20 vote on Thursday sends the bill to the House, where final legislative approval could come as early as next week.

The Senate first approved the measure in January, but the House rejected it last week amid a partisan dispute over gun rights. The gun issue was not raised during Senate debate.

The legislation is a package of nearly 170 separate bills. In Wyoming, it would limit further oil and gas leasing in the Wyoming Range, designate the Snake River headwaters as "wild and scenic" and provide federal compensation to ranchers for wolf-killed livestock.

Wyoming Sens. Mike Enzi and John Barrasso voted for the bill Thursday. Rep. Cynthia Lummis voted against the bill last week in the House last week and has continued to express concern about the omnibus bill.

Barrasso said he disagreed with the way the 170 bills were bundled together, but felt it was important to support the Wyoming measures.

"I am proud that proposals generated by folks in Wyoming have today passed the U.S. Senate," Barrasso said. "This is the direct result of people working together in their communities."

The legislation would confer the government's highest level of protection on land ranging from California's Sierra Nevada mountain range and Oregon's Mount Hood to Rocky Mountain National Park in Colorado and parts of the Jefferson **National Forest** in Virginia.

Land in Idaho's Owyhee canyons, Pictured Rocks National Lakeshore in Michigan and Zion National Park in Utah also would win designation as wilderness, and more than 1,000 miles of rivers in nearly a dozen states would gain protections. The proposals would expand wilderness designation -- which blocks nearly all development -- into areas that now are not protected.

Supporters called the legislation among the most important **conservation** bills debated in Congress in decades.

"The Senate shows great vision in making this bill a priority," said Paul Spitler of The Wilderness Society. "These wonderful landscapes are under tremendous pressure, and their value to local communities and to all Americans who treasure our natural heritage will remain long after the country has recovered from the economic crisis."

The bill also would let Alaska go forward with plans to build an airport access road through the Izembek National Wildlife Refuge as part of a land swap that would transfer more than 61,000 acres to the federal government, much of it designated as wilderness.

Critics have called the project a "road to nowhere." Backers say the road is needed for residents of a remote village on the Bering Sea who now use a hovercraft to reach an airport and hospital.

Sen. Mike Crapo, R-Idaho, hailed the Idaho provision, which he has been seeking for eight years. The bill represents a compromise among a host of competing groups that have long disagreed over how to manage

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the rugged canyonland in southwestern Idaho.

"The people who worked on the Owyhee Initiative came from many groups and institutions that historically were battling head-to-head and instead were willing to work through things in a way that sets a tremendous example for how we should approach land management decisions and conflicts in this nation," Crapo said.

Lawmakers from both parties told similar tales in other states, praising the bill as a hard-fought compromise.

Senate Majority Leader Harry Reid, who has battled Sen. Tom Coburn, R-Okla., for months over the lands bill, said he was pleased the Senate was finally able to pass it on a bipartisan basis. Reid called the bill important to his home state, Nevada, and to the nation.

Coburn held up the bill's passage last year and again this year, arguing that it was unnecessary and would block energy development on millions of acres of federal land. The bill moved forward this week after Coburn was allowed to submit six amendments for approval. Five were defeated.

A sixth provision, softening a provision to impose criminal penalties for collecting some fossilized rocks on federal land, was included in the final bill.

Because of a parliamentary maneuver adopted in the Senate, the House is expected to take up the bill under a rule that blocks amendments or other motions to derail it. Republicans used the threat of an amendment to allow loaded guns in national parks to defeat the wilderness bill last week.

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The bill is H.R. 146.

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On the Net:

Congress: <http://thomas.loc.gov/>

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## Senate Passes Omnibus Lands Package a Second Time; House Expected to Clear It

By Avery Palmer, CQ Staff

Hoping the second time is the charm, the Senate passed an omnibus federal lands bill Thursday and set the stage for the House to clear it as early as next week.

The bill (HR 146) passed by a vote of 77-20 after months of delay and procedural maneuvering in both chambers. It combines hundreds of separate measures that together would designate more than 2 million acres of new wilderness areas and establish protections for other federal lands.

Because the bill number already passed the House once, it will not be open to amendment when it returns to that chamber. The House is expected to clear the bill by agreeing to the Senate amendment. A simple majority vote is required.

“When you take all of these bills together, I believe they represent the most significant conservation legislation passed by the Senate at least in the last 15 years,” said Jeff Bingaman, D-N.M., the Senate Energy and Natural Resources Committee chairman, who worked with members of both parties to assemble the package.

The Senate passed a version of the bill (S 22) earlier this year, but it stalled when the House fell two votes short of the two-thirds majority needed to clear the lands package under suspension of the rules, an expedited procedure that bars amendments.

This week, the Senate called up an unrelated House-passed bill and substituted the text of its lands bill, with small modifications.

Senators killed five amendments from the bill’s chief opponent, Tom Coburn, R-Okla., and adopted another intended to forestall criminal prosecution of casual park visitors who take stones containing fossils.

Much of the bill consists of wilderness designations, or protections for wild and scenic rivers or national historic sites that are popular in members’ districts.

But one controversial section would codify a National Landscape Conservation System that the Clinton administration established by executive order. Some Republicans say this could force additional restrictions on land use, though supporters say it is only a management tool.

The bill’s major new wilderness areas include:

- 517,000 acres in Idaho’s Owyhee-Bruneau Canyonlands;
- About 256,000 acres in Washington County, Utah, including in Zion National Park;
- Almost 250,000 acres in Rocky Mountain National Park, Colo.; and
- 128,000 acres of wilderness around Mt. Hood in Oregon.

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**Biden, Cabinet members outline ways middle class could benefit from economic stimulus package**

By ELIZABETH DUNBAR

Associated Press Writer

550 words

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Associated Press Newswires

English

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**ST. CLOUD**, Minn. (AP) - Minnesotans put Vice President Joe **Biden** and four Cabinet members on the spot Thursday, asking how federal aid could help their transit projects, community colleges and small businesses make it through the economic downturn.

The focus of the town-hall-style forum in a bus garage in central Minnesota was the middle class, and **Biden** told the crowd of more than 400 that the Obama administration is making sure the \$787 billion economic stimulus package helps middle-class families get through the downturn and prosper when the economy eventually turns around.

"We'll measure our success in these four or eight years based on one thing: whether or not we've been able to raise the standard of living for middle-class people," **Biden** said. "We've got to get this nation growing again."

The forum at New Flyer of America Inc. was the second meeting of the Middle Class Task Force, a **Biden**-led group of Cabinet members and top administration officials. Sen. Amy Klobuchar, D-Minn., and the secretaries of Agriculture, Housing and Urban Development, Transportation and Education joined **Biden** on a stage surrounded by new electric hybrid buses manufactured at the plant.

After giving an overview of programs that will get a boost from the economic stimulus and explaining how the middle class would benefit, **Biden** and the others fielded questions from an audience that included members of the public, students and teachers from local colleges, transit officials and New Flyer employees.

Joyce Helens, president of **St. Cloud** Technical College, told **Biden** and the others that colleges are facing a funding crisis, and she asked what the federal government could do to help make sure colleges are still able to train workers.

**Biden** said billions in financial aid will get more students in college and keep them there to finish their degrees. That potential boost in enrollment could help offset budget cuts while training workers for good-paying jobs, he said.

"It's going to relieve the burden of laying off people and a lot of other constraints you have," he said.

The questions sometimes strayed from the agenda. One person asked about services for immigrants and refugees; another wanted to know about veterans programming.

Apple Valley Mayor Mary Hamann-Roland asked if a proposed bus rapid transit project connecting to light rail in her part of the Twin Cities area would qualify for stimulus money.

"Tomorrow you'll have a phone call from folks at DOT," said Transportation Secretary Ray LaHood. "It's a classic example of what we want to do at DOT to help communities like yours."

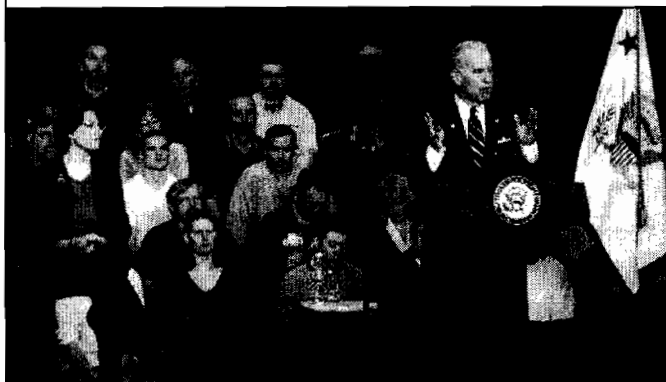
Also Thursday, the task force released a report showing details on how the stimulus would help middle-income families. The report said jobs created by the stimulus would lower the unemployment rate by 2 percentage points, which would raise middle-class incomes by 2.3 percent.

Tax benefits included in the measure could also add \$2,000 to after-tax family income, the report said.

# StarTribune.com



## Biden talks jobs on St. Cloud visit



David Brewster, Star Tribune

Vice president Joe Biden speaks at the town meeting at the New Flyer Bus Co. in St. Cloud.

With four Cabinet secretaries and Sen. Amy Klobuchar also making the trip, the vice president was promoting the administration's plans for job creation and green energy, while also hearing "directly from middle class folks."

By **BOB VON STERNBERG**, Star Tribune

Last update: March 19, 2009 - 7:10 PM

ST. CLOUD, MINN. -- Vice President Joe Biden brought his road show to Minnesota today, back on the stump as the Obama administration's cheerleader-in-chief for the middle class.

With four Cabinet secretaries and Sen. Amy Klobuchar in tow, Biden held a town-hall meeting at a bus manufacturing plant that allowed him to simultaneously touch base on the administration's plans for job creation while promoting green energy.

"We're here to listen and have our eyes open -- we're here to hear," Biden told about 400 people at the plant run by the Winnipeg-based New Flyer of America Co. "Tell us what you're facing. It's the best way we can decide how to move forward from here." His recent public appearances have largely been designed to promote the stimulus package (formally called the Recovery Act) that became law last month.

Biden defended the administration's aggressive push on the stimulus package. "Things were a lot worse than anyone expected in this economy," he said. "We need a very long ladder to get ourselves out of a very deep hole."

Biden said the work of the middle-class task force that he is leading will provide a booster for middle-income families as the economy "comes roaring out of this recession." "The people who do the jobs, they'll benefit from the expansion," he said.

He took an indirect swipe at the economic legacy of the Bush administration, saying that while productivity of American workers increased by 20 percent during the past eight years, "you didn't

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get anywhere near that 20 percent increase. From now on, you folks are going to share in the expansion."

Biden also said the stimulus will do more than create temporary, make-work jobs. "Built into the Recovery Act are jobs that will be maintained. It will lay the foundation for a new economy, an economy for the 21st century."

"We'll measure our success, whether it's four years or eight years, by one thing: If we can raise the standard of living for middle-class people."

The White House has described New Flyer of America as "a leader in transit innovation and low-emission, alternative fueled vehicles."

Biden praised the company today and pointed to the fact that \$8 billion will be available to local governments to buy new mass transit vehicles.

Not incidentally, New Flyer also is adding jobs at the plant at a time when most of the nation's manufacturers are furiously shedding them.

Faced with a two-year backlog of orders for buses, the company has added more than 90 jobs in the past year, bringing the plant's total employment to 650.

The biggest heavy-duty bus company in North America, New Flyer also has an assembly plant in Crookston, Minn.

With Biden today were Education Secretary Arne Duncan, Agriculture Secretary Tom Vilsack, Transportation Secretary Ray LaHood, and Housing and Urban Development Secretary Shawn Donovan.

Among those in attendance was a man who used to hold Biden's job, former Vice President and Minnesota Sen. Walter Mondale.

Klobuchar got a rise out of the crowd when she introduced Biden by saying, "In Minnesota we take our vice presidents very seriously," a nod to Mondale and Hubert Humphrey.

She said "Minnesota is a strong middle class state and St. Cloud is a strong middle class community. But middle class families are being squeezed ...It's a difficult time."

The event lasted nearly 90 minutes, with Biden fielding questions on health care, transportation, higher education, special education and the economy.

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St. Cloud Times, Minn.

(108)

March 20, 2009

## Biden visit: Aiming for recovery

By Lawrence Schumacher  
lschumacher@stcloudtimes.com

Loren Ennis may not have heard anything new from Vice President Joe Biden when he visited St. Cloud on Thursday, but he still liked what he heard.

"With this economy, it's uplifting to hear from public officials," the St. Cloud truck driver said after participating in a town hall forum on the middle class with about 400 other people at New Flyer of America Inc.'s bus manufacturing plant.

Biden, U.S. Sen. Amy Klobuchar, D-Minn., and the four cabinet secretaries from President Obama's administration who flew in from Washington, D.C., Thursday did not bring much news to share with the town hall participants.

Agriculture Secretary Tom Vilsack said the administration would announce within a week a plan to help struggling dairy farmers cope with falling milk prices, and Biden and Transportation Secretary Ray LaHood said they would do what they could to help extend the fledgling Northstar commuter rail line to the St. Cloud area.

The White House Middle Class Task Force Biden heads did its best to sell the benefits of the \$787 billion federal stimulus bill Obama signed last month, and to make the case for an aggressive budget proposal unveiled this month that could face stiff resistance, given Thursday's announcement that the federal budget deficit is climbing to \$2 trillion.

They also took questions from the audience on topics ranging from early childhood education to health care to the role of women in the economic recovery.

All the while, low-emission and alternative fuel buses fresh off the floor from Winnipeg-based New Flyer's St. Cloud assembly line provided the backdrop to the story the Democratic administration wants to spotlight — a successful, growing business in a time of widespread layoffs that could be further helped by the transit and "green technology" funding within the stimulus bill.

"There is a great opportunity here, while we're dealing with this calamity we have," Biden told the crowd. "We're laying the foundations of the 21st century economy, and New Flyer is an example for the future."

### Trip itinerary

St. Cloud served as the second stop for Biden's task force, which met last month in Philadelphia to tout the stimulus bill and its goal of generating environmentally friendly jobs.

In addition to Biden, Klobuchar, LaHood and Vilsack, Housing and Urban Development Secretary Shaun Donovan and Education Secretary Arne Duncan arrived on board Air Force Two at St. Cloud Regional Airport.

They traveled via a motorcade that passed briefly by the new Minnesota National Guard helicopter maintenance base before driving to Clear Lake, south to Clearwater and along Interstate Highway 94 to the I-94 Business Park, home of New Flyer.

Klobuchar said she and others have pushed for Biden or Obama to visit Minnesota since the presidential campaign, and Biden wanted to hold the second meeting of the task force in the Midwest.

"He became aware of New Flyer and what they've accomplished and it was a perfect fit," she said.

Biden, Klobuchar and the task force members departed together aboard Air Force Two later in the afternoon.

#### Friendly crowd

New Flyer employees; St. Cloud State University and St. Cloud Technical College students, faculty and staff; people who lined up early to get about 100 tickets to the town hall on Wednesday; and various VIPs constituted a largely friendly audience for Biden on Thursday.

St. Cloud Mayor Dave Kleis, a Republican, attended. Democrats dominated the room, led by former Vice President Walter Mondale, Secretary of State Mark Ritchie, St. Paul Mayor Chris Coleman, state Sen. Tarryl Clark, DFL-St. Cloud, and state Reps. Larry Haws, DFL-St. Cloud, and Larry Hosch, DFL-St. Joseph, among others.

Biden and Mondale met after the town hall meeting for a private discussion at the New Flyer plant.

Notably absent were Gov. Tim Pawlenty, U.S. Rep. Michele Bachmann, R-Minn., and Rep. Steve Gottwalt, R-St. Cloud, in whose legislative district the meeting took place.

Gottwalt sent an e-mailed newsletter to constituents Thursday saying he couldn't attend because lawmakers were "busy hearing numerous bills in committee, and conducting a floor session of the House of Representatives at which we have acted on several bills."

Bachmann spokesman Dave Dziok said Congress had business in Washington, D.C., throughout the day on Thursday.

#### Benefits touted

Biden repeatedly referenced \$8 billion in transit funds being released to local governments in the federal stimulus bill that would help New Flyer and other businesses secure more orders.

Both Biden and LaHood heard from area politicians and one questioner who talked up the idea of connecting St. Cloud to the Twin Cities via an extended Northstar commuter rail line.

"We brought it up with the vice president before the town hall," Clark said. "I think they understand better how important it is to this community."

Donovan announced a new Web site, [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov), which would help people determine if they qualify for new federal assistance in modifying or refinancing their home mortgages to more obtain more favorable terms.

The stimulus bill will mean \$1.1 billion for Minnesota to help school districts pay for special education and \$32 billion more nationally for Pell grants to college students, Duncan told the crowd.

A staff report of the task force identified those and other benefits of the stimulus bill in a report issued Thursday that focused on its effects on the middle class.

#### New directions

Biden took some shots at the way previous administrations have managed the nation's economy, saying the last two economic growth cycles were based on first a speculative technology bubble in the 1990s and a speculative real estate bubble in this decade.

While worker productivity increased 20 percent, middle-income workers actually saw their inflation-adjusted incomes fall \$2,000 this decade, he said.

"We're going to make sure that what happened in the last expansion does not happen again," he said. "None of this is easy. We need a very long ladder to get out of a very deep hole."

Azania Tripp wanted to make sure Biden and the administration didn't forget the role of women in the administration's plans for economic recovery.

The 18-year-old Perpich Center for the Arts student and member of the National Asian-Pacific Women's Forum asked the task force to keep women in mind, and said afterward she was pleased with the vice president's presentation.

"It's pretty exciting and fulfilling to be here," she said after she and friends took pictures of themselves with Biden. "Our organization is about bringing up women and girls, and I feel like we're going to move forward."

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Vice President Joe Biden, left, holds a town hall meeting at the New Flyer of America Bus Company in St. Cloud, Minn., Thursday, March 19, 2009. From second from left are: Housing and Urban Development Secretary Shaun Donovan; Education Secretary Arne Duncan; Transportation Secretary Raymond LaHood, and Agriculture Secretary Thomas Vilsack. (AP Photo/Jim Mone)

Photo Credit: AP Photo

**Most Viewed Photos (6:00 a.m. ET)**

- First Lady Michelle Obama chats with actress Fran Drescher, left, and singer Alicia Keys as she greets women leaders in the Diplomatic Room of the White House.
- This is an image of a page on the Microsoft Internet Explorer 8 Web site taken Thursday March 19, 2009 announcing the release of a new version of Internet Explorer adding features meant to speed up common Web surfing tasks and bringing the browser's security.
- In this photo released by FOX, Alexis Grace performs in front of the judges on "American Idol" on Tuesday March 17, 2009 in Los Angeles. (AP Photo/Fox, Ray Mickshaw)

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REUTERS

(109)

**Dairy farmers ask Obama for aid as milk price sags**

206 words  
19 March 2009  
17:45  
Reuters News  
English  
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WASHINGTON, March 19 (Reuters) - A dairy group on Thursday asked the Obama administration to respond to a plunge in milk prices by subsidizing U.S. dairy exports and buying dairy products for donation to poor Americans.

The National Milk Producers Federation says the average cost to produce milk in January exceeded the price of milk by 25 percent.

"In simplest terms, the nation's dairy farmers are facing an economic disaster," federation President Jerry Kozak wrote in letters to the president and high-level officials.

The letter suggested activation of the Dairy Export Incentive Program, an export subsidy, "for a short period of time to a limited number of markets."

It also suggested use of dairy price supports and purchase of dairy products "to provide food to schools and the expanding needy population in our country."

An Agriculture Department spokeswoman was not immediately available for comment.

**USDA** forecasts an all-milk price of \$11.55 per 100 lbs of milk this year, compared to \$18.32 in 2008. (Reporting by **Charles Abbott**; Editing by David Gregorio)

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110

**DOW JONES**



**REUTERS**

**Obama tabs Leonard to be USDA civil-rights chief**

151 words

19 March 2009

17:57

Reuters News

English

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WASHINGTON, March 19 (Reuters) - President (Barack) Obama selected Joe Leonard, active in civil rights issues, to be assistant agriculture secretary for civil rights, said the White House on Thursday.

Leonard is senior advisor to Rep. Carolyn Cheeks, Michigan Democrat. He is former executive director of the Congressional Black Caucus and before that, the Black Leadership Forum. He also was head of the Washington office of the Rainbow/PUSH Coalition.

He is the fourth person to be nominated for a senior-level job at the Agriculture Department with Secretary **Tom Vilsack**. Obama also has tabbed Kathleen Merrigan for deputy secretary, Jim Miller as undersecretary in charge of farm programs and **Dallas Tonsager** as undersecretary for rural development. (Reporting by Charles Abbott; Editing by David Gregorio)

AGRICULTURE-USA/RIGHTS|LANGEN|ABN|C|GRO|SOF|E|U|MNI|MTL|DNP|PCO|PCM

Document LBA0000020090319e53j001xj



**Michelle Obama, students to help break ground Friday for new White House 'kitchen garden'**

By DARLENE SUPERVILLE

Associated Press Writer

458 words

19 March 2009

19:33

Associated Press Newswires

English

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WASHINGTON (AP) - The White House is getting a new garden.

First lady Michelle Obama is scheduled to break ground Friday on a new garden near the fountain on the South Lawn that will supply the White House kitchen.

She will be joined by students from Bancroft Elementary School in the District of Columbia. The children will stay involved with the project, including planting the fruits, vegetables and herbs in the coming weeks and harvesting the crops later in the year.

Mrs. Obama spent time earlier this week at an exhibit on rooftop gardening.

"We're going to get a big one in our back yard, the South Lawn," she promised the volunteers.

Such a White House garden has been a dream of noted California chef Alice Waters, considered a leader in the movement to encourage consumption of locally grown, **organic food**. She has been appealing for change through the taste buds since the 1960s.

She organized a series of fundraising dinners in Washington before President Barack Obama's inauguration in January that served foods purchased from local producers at an area **farmer's** market to show how it can be done.

Reached Thursday at her Berkeley, Calif., restaurant, Chez Panisse, Waters said she was thrilled by the news.

"It just tells you that this country cares about people's good health and about the care of the land," she said. "To have this sort of 'victory' garden, this message goes out that everyone can grow a garden and have free food."

Victory gardens were vegetable gardens planted during the world wars with encouragement from the government to make sure there was enough food for civilians and the troops. Waters says her family had such a garden.

Waters has been lobbying for a vegetable garden at the White House since 1992. Recent White Houses have grown some herbs and have practiced limited container gardening on the mansion's roof to supply it with tomatoes, peppers and other vegetables.

The new garden will be the first on the White House grounds in many decades, Waters said.

She said Michelle Obama always has been receptive to the idea.

"She talks about food in connection with children, and it's a beautiful thing," Waters said.

Waters also has pushed the administration to adopt her Edible Schoolyard project in which children plant their own produce to eat in the school cafeteria. Most public schools are serving too much processed food that is contributing to the childhood obesity epidemic, she argues.



# The Washington Post

## Shovel-Ready Project: A White House Garden

By Jane Black  
Washington Post Staff Writer  
Friday, March 20, 2009; C01



For more than a decade, food activists have rallied, cajoled, even pleaded for a vegetable garden on the White House lawn. Now they're finally going to get it.

Today, first lady Michelle Obama will host a groundbreaking for a White House kitchen garden on the South Lawn. She will be joined by students from Bancroft Elementary in Northwest Washington, whose participation in the project will continue past today, as they help with planting in the coming weeks and harvesting later this year.

The 1,100-square-foot garden will include 55 kinds of vegetables, including peppers, spinach and, yes, arugula. (The selection is a wish list put together by White House chefs.) There will also be berries, herbs and two hives for honey that will be tended by a White House carpenter who is also a beekeeper. The chefs will use the produce to feed the first family, as well as for state dinners and other official events.

The White House will use organic seedlings, as well as organic fertilizers and organic insect repellents. The garden will be near the tennis courts and be visible to passersby on the street. The whole Obama family will be involved in tending the garden, White House spokeswoman Katie McCormick Lelyveld said.

Proponents of the garden see the move as a victory for fresh, wholesome food. With the Obamas as role models, it could also be a turning point in their battle to overturn the perception of organic food, farmers markets and gardens as the preserves of the elite.

"Nothing could be more exciting," said Alice Waters, chef of Chez Panisse in Berkeley, Calif., who has been lobbying for a garden on the White House lawn since the first Clinton administration. "The symbolism of putting a seed in the ground is a promise of a real nourishment and education for the population who visits, the people who plant the crops and the people who pick from it."

The White House appears to be casting the garden as just another strategy to encourage healthful eating. President Obama famously learned the political perils of being too familiar with "elite" vegetables such as arugula. In several interviews, Michelle Obama has talked about the importance of healthful eating and the challenges of persuading her children to eat fruits and vegetables. But she tends to use words such as fresh and nutritious rather than organic and sustainable. "We want to use it as a point of education," the first lady said in an interview in the April issue of *O* magazine. "We want to talk about health and how delicious it is to eat fresh food, and how you can take that food and make it part of a healthy diet."

The Obamas' garden will not be the first at the White House. John Adams, the first tenant, planted a garden shortly after taking up residence in 1800. Woodrow Wilson brought in sheep to mow and fertilize the White House lawn in 1918, an effort to conserve resources for the war effort. In 1943, over the objection of the Agriculture Department, Eleanor Roosevelt planted a victory garden, inspiring millions of Americans to grow their own food during World War II.

Recent efforts have been more modest. Jimmy Carter, a Georgia farmer who extolled the virtues of gardening

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during his campaign, declined calls in 1978 to plant a vegetable garden at the White House. During the Clinton years, a small garden was planted on the roof; the White House rejected the idea of a larger garden on the lawn, saying it was not in keeping with the formal nature of the White House grounds.

Campaigners for the White House garden were pleased but not surprised by the move. Daniel Bowman Simon, who last year drove a school bus with a sustainable garden on its roof across the country to raise awareness for the idea, said in December he had given a presentation to Rethinking Soup, a project that brought together farmers and activists to discuss food issues. Rethinking Soup was organized in part by Sam Kass, who had worked as a private chef for the Obamas and joined the White House kitchen in January. Chez Panisse's Waters said the first lady had been receptive to the idea when the two met last summer. "She said: 'I don't know why we couldn't have one,'" Waters reported. "It seemed like the most natural thing in the world."

Simon and his partner, Casey Gustawarow, called for schoolchildren and disabled Americans to work in the White House garden. They also requested that the gardeners plant heirloom seeds and use compost made from food waste from the kitchens that serve the White House, congressional buildings and Supreme Court.

"This garden is a tremendous idea, one that is both timely and in some ways overdue," said former White House executive chef Walter Scheib. "There has always been a small garden at the White House, but this commitment by Mrs. Obama to local and freshly grown product is a progressive move forward that will raise the profile and awareness of local and sustainable food both at the White House and nationally to an unprecedented level. Chef [Cristeta] Comerford and all of the chef's brigade must be thrilled to have this resource at their disposal. I know I would have been."

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From the Los Angeles Times

**Obamas to plant a White House veggie patch**

After a campaign by gardeners, part of the South Lawn will be used for an edible garden to promote healthful food.

By Rebecca Cole



March 20, 2009

Reporting from Washington — This year, the vegetables served at the White House will be as locally grown as possible -- some right on the South Lawn.

After a campaign by gardeners and sustainable-food activists, the first family has decided to dig up part of the White House grounds for a vegetable garden. In a ceremony today, First Lady Michelle Obama and local elementary students will break ground for the project.

It is part of the first lady's promotion of healthful food for her daughters, Malia and Sasha, as well as for the nation. But like many parents, the Obamas have had mixed results: Michelle Obama recently said a version of "creamless" creamed spinach by White House executive chef Cristeta Comerford still was a bit too "green" for the kids.

More than 100,000 people have lobbied the president online to plant a garden on the White House lawn, according to Kitchen Gardeners International, a coalition of gardeners whose mission is to inspire and teach people to grow their own food. The group's Eat the View campaign to plant "high-impact gardens in high-profile places" urged the first family to start an edible garden within the first 100 days of the Obama administration.

Launched in February 2008 and spearheaded by Roger Doiron, a gardener in Scarborough, Maine, the movement hoped to have the president's family set the right example in terms of healthful eating -- "gardening for the greater good," as Doiron said.

"It begins at home," Doiron said. "That's where we start. And if we get a number of people together carrying out these small actions, it will speak volumes and add up."

Since the early 1990s, food-activist pioneers such as Berkeley restaurateur Alice Waters and author Michael Pollan have lobbied for an "edible landscape" across the 16 acres of White House grounds.

Though the Clintons did have a small rooftop garden that grew vegetables and herbs and Laura Bush made sure organic foods were served in the residence, this is the first full-scale planting on the lawn in more than 60 years -- since Eleanor Roosevelt had a victory garden during World War II.

"I'm just so gratified that this idea that seemed as right as rain from the beginning" has finally taken hold, said Waters, owner of the renowned Chez Panisse.

"Food is precious. It comes from the land," she added. "And we have to take care of the land in order to nourish ourselves. It's very hard to talk about food without talking about the garden."

From a chilly corner of Maine, Doiron's plot yielded \$2,100 worth of produce from 35 different crops last year, he reported.

The message is that even in these difficult economic times, when families are struggling financially and

psychologically, there are creative ways to put healthful food on the table, he said.

"Even if families can start with something small this season, they're going to come away feeling empowered," Doiron said. "There are things that we can do, even though we feel like we are up against incredible odds."

Waters said she was especially pleased that at the White House garden's groundbreaking, Michelle Obama would be surrounded by children.

As a founder of the Edible Schoolyard, a program in Berkeley and New Orleans to integrate organic gardens into schools, Waters wants all children to learn that vegetables and fruit come from the ground, not a store.

"If we make a beautiful place that children can walk through on tours of the White House, we can broadcast that message around the world," Waters said. "It's such a beautiful picture. It's confirming and affirming their interest in the garden."

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## Obamas to Plant Vegetable Garden at White House

**By MARIAN BURROS**

WASHINGTON — Michelle Obama will begin digging up a patch of the South Lawn on Friday to plant a vegetable garden, the first at the White House since Eleanor Roosevelt's victory garden in World War II. There will be no beets — the president does not like them — but arugula will make the cut.

While the organic garden will provide food for the first family's meals and formal dinners, its most important role, Mrs. Obama said, will be to educate children about healthful, locally grown fruit and vegetables at a time when obesity and diabetes have become a national concern.

"My hope," the first lady said in an interview in her East Wing office, "is that through children, they will begin to educate their families and that will, in turn, begin to educate our communities."

Twenty-three fifth graders from Bancroft Elementary School in Washington will help her dig up the soil for the 1,100-square-foot plot, in a spot visible to passers-by on E Street. (It is just below the Obama girls' swing set.)

Students from the school, which has had a garden since 2001, will also help plant, harvest and cook the vegetables, berries and herbs. Virtually the entire Obama family, including the president, will pull weeds, "whether they like it or not," Mrs. Obama said with a laugh. "Now Grandma, my mom, I don't know." Her mother, she said, will probably sit back and say: "Isn't that lovely. You missed a spot."

Whether there would be a White House garden had become more than a matter of landscaping. The question had taken on political and environmental symbolism, with the Obamas lobbied for months by advocates who believe that growing more food locally, and organically, can lead to more healthful eating and reduce reliance on huge industrial farms that use more oil for transportation and chemicals for fertilizer.

Then, too, promoting healthful eating has become an important part of Mrs. Obama's own agenda.

The first lady, who said that she had never had a vegetable garden, recalled that the idea for this one came from her experiences as a working mother trying to feed her daughters, Malia and Sasha, a good diet. Eating out three times a week, ordering a pizza, having a sandwich for dinner all took their toll in added weight on the girls, whose pediatrician told Mrs. Obama that she needed to be thinking about nutrition.

"He raised a flag for us," she said, and within months the girls had lost weight.

Dan Barber, an owner of Blue Hill at Stone Barns, an organic restaurant in Pocantico Hills, N.Y., that grows

many of its own ingredients, said: “The power of Michelle Obama and the garden can create a very powerful message about eating healthy and more delicious food. I don’t think it’s a stretch to say it could translate into real change.”

While the Clintons grew some vegetables in pots on the White House roof, the Obamas’ garden will far transcend that, with 55 varieties of vegetables — from a wish list of the kitchen staff — grown from organic seedlings started at the Executive Mansion’s greenhouses.

The Obamas will feed their love of Mexican food with cilantro, tomatillos and hot peppers. Lettuces will include red romaine, green oak leaf, butterhead, red leaf and galactic. There will be spinach, chard, collards and black kale. For desserts, there will be a patch of berries. And herbs will include some more unusual varieties, like anise hyssop and Thai basil. A White House carpenter, Charlie Brandts, who is a beekeeper, will tend two hives for honey.

The total cost of seeds, mulch and so forth is \$200, said Sam Kass, an assistant White House chef, who prepared healthful meals for the Obama family in Chicago and is an advocate of local food. Mr. Kass will oversee the garden.

The plots will be in raised beds fertilized with White House compost, crab meal from the Chesapeake Bay, lime and green sand. Ladybugs and praying mantises will help control harmful bugs.

Cristeta Comerford, the White House’s executive chef, said she was eager to plan menus around the garden, and Bill Yosses, the pastry chef, said he was looking forward to berry season.

The White House grounds crew and the kitchen staff will do most of the work, but other White House staff members have volunteered.

So have the fifth graders from Bancroft. “There’s nothing really cooler,” Mrs. Obama said, “than coming to the White House and harvesting some of the vegetables and being in the kitchen with Cris and Sam and Bill, and cutting and cooking and actually experiencing the joys of your work.”

For children, she said, food is all about taste, and fresh and local food tastes better.

“A real delicious heirloom tomato is one of the sweetest things that you’ll ever eat,” she said. “And my children know the difference, and that’s how I’ve been able to get them to try different things.

“I wanted to be able to bring what I learned to a broader base of people. And what better way to do it than to plant a vegetable garden in the South Lawn of the White House?”

For urban dwellers who have no backyards, the country’s one million community gardens can also play an important role, Mrs. Obama said.

But the first lady emphasized that she did not want people to feel guilty if they did not have the time for a garden: there are still many changes they can make.

“You can begin in your own cupboard,” she said, “by eliminating processed food, trying to cook a meal a little

more often, trying to incorporate more fruits and vegetables.”

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## Congress scolds food makers on safety lapse

635 words  
19 March 2009  
16:12  
Reuters News  
English  
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\*Committee chairman calls Kellogg Co. "sloppy"

\*Democrats say food companies relied too much on others

\*Documents show Peanut Corp has close ties to auditor

By Christopher Doering

WASHINGTON, March 19 (Reuters) - Democratic lawmakers on Thursday scolded U.S. firms that purchased now-recalled peanut products for failing to ensure the goods were safe and relying on audits from a firm that had links with the Peanut Corp of America, which made the tainted products.

Kellogg Co., King Nut Corp and Vitamin Cottage Natural Food Markets Inc defended their oversight of purchased products and said it was common practice in the food industry to rely on a third party to conduct audits.

The U.S food industry has been shaken by a **salmonella** outbreak tied to peanut products that led to the recall of more than 3,400 products, from crackers to ice cream. It was the largest food recall in U.S history.

An estimated 700 people became ill and nine died after eating contaminated peanut products with ingredients supplied by Peanut Corp.

"There were some red flags you should have noted," Henry Waxman, chairman of the House of Representatives Energy and Commerce Committee, said at a subcommittee hearing. "PCA was a bad company and they did bad things, and they were clearly ignorant ... but this indicates to me that Kellogg was pretty sloppy."

David Mackay, chief executive of Kellogg, told lawmakers his company relied on an independent audit report from AIB International, had safety tests conducted on the product and required Peanut Corp to provide evidence of its safety plans.

"I think we did everything we could do," said Mackay, whose company lost nearly \$70 million in products from the recall. "We were dealing with an unethical and dishonest supplier. I'm unaware how you manage for someone who is prepared to put the public at risk."

### AUDIT HEADS UP

The owner of King Nut Co said his company depended on Peanut Corp to sell safe products. "I understand our name was on it, but we bought a closed container," said Martin Kanan, president of King Nut. "We have got to start with the manufacturers."

Internal documents released by lawmakers showed Peanut Corp was notified when an inspection was planned by AIB, the audit firm it hired, and told how to prepare.

In an e-mail, Peanut Corp's auditor, Pete Hatfield, told the manager of the Georgia plant: "You lucky guy. I am your AIB auditor. So we need to get your plant set up for any audit." He later gave the Georgia plant a superior rating.

In contrast, a 2002 internal audit of Peanut Corp's Georgia plant paid for by Nestle USA found rodent droppings and dead insects and determined it was "not in compliance" with housekeeping, sanitation or pest control standards.



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An audit of Peanut Corp's Texas facility in 2006 reached the same conclusion. As a result, Nestle never hired Peanut Corp as a supplier.

"Why didn't you do the same? You all talked about safety as the No. 1 concern. It seems like you passed that responsibility to someone else," said Rep. Bart Stupak, chairman of the Energy and Commerce Subcommittee on Oversight and Investigations.

The three executives all said they supported plans to require the government to certify third-party auditors and hold unannounced audits when possible. They also backed reporting results to the U.S. Food and Drug Administration.

Congress and the White House support tougher **food safety** regulations. Several bills have proposed giving FDA more funding and power, including mandatory recall authority and product traceability. (Editing by Maggie Fox and David Storey) (Reporting by Christopher Doering)

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## US food industry safety inspections challenged

By RICARDO ALONSO-ZALDIVAR

Associated Press Writer

683 words

19 March 2009

16:44

Associated Press Newswires

English

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WASHINGTON (AP) - The food industry's private inspection system failed to catch filthy conditions at a peanut company blamed for a **salmonella** outbreak in the U.S. because the firm itself hired the inspectors, lawmakers said Thursday.

The House Energy and Commerce investigations subcommittee released new documents that showed how private inspectors hired by Peanut Corp. of America failed to find long-standing sanitary problems at company facilities. Peanut Corp. is at the center of a nationwide outbreak that has sickened nearly 700 people and is being blamed for at least nine deaths.

"There is an obvious and inherent conflict of interest when an auditor works for the same supplier it is evaluating," said Rep. Bart Stupak, a Democrat and chairman of the subcommittee. He termed it a "cozy relationship."

Last summer, Peanut Corp.'s private inspector, a company called AIB, awarded the peanut processor a certificate in 2008 for "superior" quality at its Plainview, Texas, plant. This year, **salmonella** was discovered there.

The outbreak was initially traced to a Peanut Corp. company facility in the state of Georgia. Later, contamination was found at the Texas plant. Peanut Corp. is under criminal investigation for allegedly shipping products it knew to be tainted.

Owner Stewart Parnell has refused to answer questions from lawmakers, citing constitutional protections against self-incrimination. On Thursday, Parnell told The Associated Press he could not comment on the allegations and referred questions to his attorney, who was not immediately available.

Federal law does not require food companies to pay for their own inspections of suppliers. Nor are industry labs and inspectors required to tell the government about any problems they find.

At least one food company that used its own inspectors, Nestle USA, ultimately decided not to do business with Peanut Corp. Nestle USA had no recalls. But a Nestle affiliate in Puerto Rico recalled some ice cream products, and Nestle HealthCare **Nutrition** -- another affiliate -- recalled a nutritional bar.

The committee released a 2002 Nestle USA inspection report of Peanut Corp.'s Blakely plant. "They found that the place was filthy," said Rep. Henry Waxman, a Democrat.

A second audit by Nestle USA of Peanut Corp.'s Texas facility in 2006 also found major pest control and other problems. The audit said that would disqualify the plant from supplying chopped peanut pieces to sprinkle atop drumstick ice-cream cones.

Auditors found at least 50 mouse carcasses in and around the plant and also a dead pigeon "lying on the ground near the peanut-receiving door."

The audit also said the plant had no pathogen-monitoring plan and noted that one needed to be developed for the plant to be in compliance with audit standards.

Companies that bought ingredients from Peanut Corp. said they had no way of defending themselves against a supplier they accuse of deliberately breaking the rules and covering up.

"I think we did everything we could do," Kellogg Co. chief executive David Mackay told the committee.

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"The issue was that (Peanut Corp.) acted in a dishonest and unethical way," he added.

Lawmakers and the Obama administration say the problem goes beyond a rogue company, and major reforms are needed. Legislation has been introduced in Congress to take **food safety** oversight away from the Food and Drug Administration and give it to a new agency with stronger legal powers and more funding.

Kellogg on Thursday joined consumer groups in saying the U.S. **food safety** system is broken. The world's largest cereal maker lost \$70 million in the **salmonella** outbreak after it had to recall millions of packages of peanut butter crackers and cookies.

Mackay said he wants **food safety** placed under a new leader in the Health and Human Services Department. He is also calling for new requirements that all food companies have written safety plans, annual federal inspections of facilities that make high-risk foods and other reforms.

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Associated Press writers Erica Werner and Sue Lindsey contributed to this report.

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On the Net:

Peanut Corp. of America: <http://www.peanutcorp.com>

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Document APRS000020090319e53j001i2

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**WSJ: House Democrats Blame Food Industry For Relying On Suppliers To Verify Pdt Safety**

By Jane Zhang  
490 words  
19 March 2009  
17:43  
Dow Jones News Service  
English  
(c) 2009 Dow Jones & Company, Inc.

OF THE WALL STREET JOURNAL

WASHINGTON (Dow Jones)--House Democrats blamed the food industry for relying on suppliers to verify the safety of products, a practice lawmakers said contributed to the **salmonella** outbreak linked to tainted peanut products.

Food manufacturers, distributors and retailers often require that their suppliers pay for private inspections to ensure good quality. In the latest **salmonella** outbreak, the industry's self-policing practice failed to uncover the filthy peanut plant in Georgia that federal **food-safety** authorities identified as the center of the outbreak that has sickened nearly 700 and has been linked to nine deaths. The plant is owned by Peanut Corp. of America, now liquidating under federal bankruptcy law.

At a hearing Thursday, Rep. Bart Stupak, chairman of the House Energy and Commerce Committee's investigations panel, criticized the inspection of the plant by AIB International Inc., which was hired by Peanut Corp.

(This story and related background material will be available on The Wall Street Journal Web site, WSJ.com.)

In an email last December, AIB gave Peanut Corp.'s plant manager at the Blakely, Ga., facility advance notice of an inspection. The inspector later gave the plant a superior rating. Subsequently, federal inspectors investigating the **salmonella** outbreak found mold, dead rodents and other safety violations at the plant.

AIB officials didn't return calls seeking comment.

Rep. Stupak said the results were "completely different" when Nestle USA sent its own auditors to the plant. In 2002, Nestle inspectors found rodent droppings, dead flour beetles and dead insects, among other **food-safety** problems, and another audit in 2006 found dead mice and a dead pigeon.

Lawmakers blamed companies, including Kellogg Co., whose chief executive officer sat at the witness table Thursday, for relying on the flawed inspections. "I think we did everything we could do," replied Kellogg CEO David Mackay. Kellogg, he said, requires certifications and audits for the 3,000 ingredients it buys from 1,000 suppliers.

Energy and Commerce Chairman Henry Waxman, D, Calif., would have none of it. "I think Kellogg is sloppy," he said. "I think this resulted in a tragedy that could have been prevented."

Lawmakers and some industry officials have said that Congress should act soon to overhaul **food-safety** regulations. Different bills in Congress would impose more safety requirements on food companies, give the Food and Drug Administration authority to recall products, and require more inspections, as well as more record-keeping by food makers.

The food industry supports some changes. Mackay said food regulation needs an overhaul, and he's willing to accept more regulation, such as having the FDA set inspection standards and require that companies adopt measures to prevent contamination. He also said Kellogg has since stepped up efforts to ensure product safety, and now conducts internal tests on high-risk products. [ 03-19-09 1755ET ]

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CQ TODAY PRINT EDITION – REGULATORY POLICY  
March 19, 2009 – 7:09 p.m.

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## Kellogg CEO Agrees to Support Stronger Food Safety Laws, User Fees

By Aliya Sternstein, CQ Staff

After withdrawing more than 7 million cases of tainted peanut butter products at a loss of about \$65 million, the chief executive of Kellogg Co. told lawmakers he would back stronger food safety laws — even if that means user fees on industry.

The testimony by David Mackay put the world's largest cereal manufacturer at odds with industry groups including its own trade association, which have likened user fees to a food tax.

Mackay and executives of other food companies that bought products from the Peanut Corporation of America, which has been tied to a deadly salmonella outbreak, testified Thursday at a House Energy and Commerce Oversight and Investigations Subcommittee hearing.

In his opening statement, Mackay endorsed an overhaul of the food safety system that would create a single food safety authority under the Health and Human Services Department.

This is an idea long touted by House Agriculture Appropriations Chairwoman Rosa DeLauro, D-Conn., who says regulation fragmented among several agencies contributes to gaps in the system. President Obama recently signaled he is open to the approach.

Kellogg is a member of the Grocery Manufacturers Association, which with other industry groups has opposed user fees on food processors.

But after subcommittee Chairman Bart Stupak, D-Mich., repeatedly pressed Mackay on whether he would agree to user fees, the chief executive conceded he could support “whatever the final determination might be, whatever makes the most sense.”

### Risks of Third-Party Inspections

Meanwhile, House Energy and Commerce Chairman Henry A. Waxman, D-Calif., said the salmonella outbreak demonstrates that relying on third-party plant inspectors is ineffective. Legislation (HR 759) drafted by Stupak and John D. Dingell, D-Mich. — which Waxman has said will be the foundation for any food safety bill his panel produces — includes a provision that would rely on outside inspectors.

“Some of today’s witnesses, and many companies like them, relied on third-party auditors to inspect the facilities of their suppliers,” Waxman said. “In this case, a private, for-profit auditing firm . . . gave [Peanut Corporation of America] glowing reviews.”

Experts agreed there are concerns about relying on outside inspectors, but they said the approach may be necessary.

“Everybody has some concerns about third-party inspectors,” said William K. Hubbard, a former Food and Drug Administration associate commissioner. But the alternative, he said, would be hiring “thousands and thousands” more FDA inspectors at a cost of billions of dollars.

“That’s just not going to happen,” Hubbard said.

Stupak said some of the problems should have been caught by the companies that bought products from Peanut Corporation of America, including Kellogg, King Nut Co., and Vitamin Cottage Natural Foods Markets, which were represented at the hearing.

“If your supplier tests positive, this is definitely something you should find out, and it’s certainly something your customers deserve to know,” Stupak said.

Stupak disclosed a separate 2002 audit of Peanut Corporation of America’s Georgia facility, conducted by Nestle internal auditors, who determined that the facility had inadequate hazard controls and a “potential for microbiological cross contamination.”

After concluding that the plant was “not in compliance” with sanitation and pest control standards, Nestle in 2006 audited the company’s Texas plant, made similar findings and cut off supplies from Peanut Corporation of America.

“You didn’t send anyone down like Nestle to check [Peanut Corporation of America], right?” Stupak asked Mackay.

Waxman joined in the criticism.

“This indicates to me that Kellogg was pretty sloppy,” he said. “There were some red flags you should have noticed. . . . You didn’t do that extra step that I hope you’ll now require.”

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*Round-the-clock coverage of news from Capitol Hill.*  
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A Section

**Nestle's Inspectors Saw Rat Droppings, Rejected Peanuts; Hearing Explores Why Others Did Not**

Lyndsey Layton  
Washington Post Staff Writer  
949 words  
20 March 2009  
The Washington Post  
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Nestle USA, considering whether to buy ingredients from Peanut Corporation of America, twice sent its own inspectors to check out the company. Both times, they rejected the company after finding sanitary problems at its facilities in Georgia and Texas, noting rat droppings, live beetles, dead insects and the potential for microbial contamination.

It proved to be a good call.

Today, Peanut Corporation of America stands accused by federal investigators of knowingly selling peanut products contaminated with **salmonella** bacteria, which triggered a criminal investigation, the largest food recall in American history and an outbreak of illness that has sickened at least 691 people and killed nine since September.

Kellogg and other companies that bought products from Peanut Corporation of America told lawmakers yesterday that unlike Nestle, they did not perform their own inspections. Instead, they relied on third-party audits common in the U.S. food industry.

David Mackay, Kellogg's chief executive, said his company trusted audits performed by the American Institute of Baking International, the biggest food-inspection firm in the country. The institute conducted scheduled inspections of PCA's facilities and never flagged serious problems. It issued a "certificate of achievement" and a "superior" rating last August, when PCA was getting results from internal laboratory tests that revealed a **salmonella** problem in its plant in Blakely, Ga., congressional investigators said.

"They gave PCA glowing reviews," said Rep. Henry A. Waxman (D-Calif.), chairman of the House Energy and Commerce Committee. "The company was selected by PCA, paid by PCA, and realized that if they didn't give PCA a glowing review, they were not going to get hired again.

"They gave PCA a certificate of achievement," added Waxman, who held up the certificate in one hand and with the other waved a photograph, taken by federal investigators, of dead rodents inside a PCA facility. "How do you have a company that looks like this getting a certificate of achievement? . . . It really makes you think there must be something wrong."

E-mails released by the committee showed a comfortable relationship between the auditor for AIB and PCA's plant manager. In one e-mail, the auditor tells the plant manager to get the plant ready for inspection, asks the manager to select the date and then offers holiday wishes to the manager and his family.

Brian Soddy, vice president of marketing and sales for AIB, defended the audits in a telephone interview yesterday and said that PCA "went to great lengths to clean it up" before scheduled inspections. Others, including Georgia state inspectors, had also missed problems in PCA's facilities, he said.

AIB conducted basic annual audits at a cost of about \$1,000 for PCA. It offers more rigorous inspection services, including a multi-year program at a cost of \$20,000 to \$30,000, but that was not part of its contract with the peanut company, Soddy said.

Rep. Bart Stupak (D-Mich.), chairman of the panel's oversight and investigations subcommittee, asked why

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Kellogg and other companies did not investigate their suppliers.

"Nestle didn't solely rely on an auditor selected by PCA and paid by PCA," he said. "It conducts its own audit with its own staff. You all talk about how safety is the number one issue. Why didn't you do the same thing?"

Kellogg, which has lost about \$70 million because of the recall, is now sending its own inspectors into peanut-processing plants and is no longer relying on third-party firms paid by the processors, Mackay said. He said that Kellogg follows that procedure for other raw materials and foods that carry high risks for contamination, but that it is impossible for Kellogg to inspect each of its 1,000 suppliers. And although food companies bear some responsibility to ensure their supplies are safe, they are powerless against a dishonest supplier, he told lawmakers.

"On every batch, we received a certificate of analysis from PCA, and every batch [was] negative" for **salmonella**, he said. "It's extremely difficult when you have an unethical and dishonest supplier to manage this."

Starting in 2007, Kellogg purchased \$5 million to \$10 million worth of peanut ingredients annually from PCA and used them in its Keebler cookies and crackers, Famous Amos cookies and Austin peanut butter crackers, among other items, Mackay said.

Yesterday's hearing was the third held by the committee into the scandal surrounding PCA, which filed for bankruptcy protection last month. The case has called national attention to **food safety** and has sparked dozens of proposals for reform on Capitol Hill. President Obama, who has expressed concern about the peanut butter sandwiches consumed by his 7-year-old daughter, has flagged **food safety** as a priority. His proposed budget includes additional money for food inspectors at the Food and Drug Administration, and he has created a White House working group to recommend ways to increase **food safety**.

The outbreak of **salmonella** illness is ongoing, although officials at the Centers for Disease Control and Prevention say the number of new cases has declined substantially. They said they expect new illnesses to be reported for the next several months, because some recalled items have a long shelf life and remain in home pantries and in some stores. The FDA does not require retailers to prove that recalled food has been destroyed and has no way to know how many of the more than 2,000 recalled products are still in circulation.

Consumers can check the searchable database for recalled products at [www.fda.gov](http://www.fda.gov).

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**DOWJONES**

1682

**The New York Times**

National Desk; SECTA  
**House Panel Questions Industry on Food Safety**

By GARDINER HARRIS; Andrew Martin contributed reporting.  
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20 March 2009  
The New York Times  
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English  
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WASHINGTON – When Nestle USA sent an auditor to examine a Texas peanut plant that is part of a **salmonella** outbreak, he found dozens of dead mice. But an auditor hired by the plant reported no problems with rodents and pronounced the facility, a former hog slaughterhouse, "superior" for processing peanuts.

The Kellogg Company and dozens of other food manufacturers relied on the auditor hired by the plant, owned by the Peanut Corporation of America, to assure the safety of the peanut ingredients in hundreds of cookie and cracker products. Called before a House committee on Thursday to explain themselves, the manufacturers said they had done their best.

"I think we did everything we could do," said A. D. David Mackay, the president and chief executive of Kellogg. "The third-party audit was a key part of it."

But Mr. Mackay and two other executives from food companies agreed with legislators that fundamental changes to the oversight of **food safety** were needed. And after more than 20 hearings over two years, powerful members of the Energy and Commerce Committee said such reforms would pass soon.

"We've had hearing after hearing after hearing on this, and we've really done nothing about the problem," said Representative Michael C. Burgess, Republican of Texas. "It's time we did something."

Despite tests that showed its products were contaminated with **salmonella**, the Peanut Corporation shipped its peanut products to dozens of companies whose foods were eventually linked to illness in more than 600 people and nine deaths. Food and Drug Administration inspectors conducted few assessments of the plant, and those who did were unaware of laboratory tests that had detected **salmonella**. F.D.A. officials said they largely relied on the industry to ensure the safety of food.

But industry representatives said at the hearing Thursday that they relied on the F.D.A. to ensure that food was produced safely. Heather C. Isely, an owner of Vitamin Cottage Natural Food Markets, based in Lakewood, Colo., was asked why she did not send auditors to the Peanut Corporation's plants.

"We rely on the government inspection system," Ms. Isely said.

The committee focused particular ire at the American Institute of Baking, which conducts many of the independent audits of food plants for major manufacturers. The organization was the subject of an article in The New York Times two weeks ago that pointed out that third-party audits were being increasingly used by food makers, even though their rigor varied widely.

In some of the largest outbreaks of food poisoning in recent years, private auditors failed to detect problems.

"There is an obvious and inherent conflict of interest when an auditor works for the same supplier it is evaluating, and several documents show evidence of this cozy relationship," said Representative Bart Stupak, Democrat of Michigan.

Mr. Stupak released a Dec. 22 e-mail message from a baking institute auditor to the manager of a Peanut Corporation plant in Georgia.

"You lucky guy. I am your AIB auditor," the e-mail said. "So we need to get your plant set up for any audit."

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In a statement, the organization said third-party auditors could not "uncover and address **food safety** issues if intentional deceit and unethical behavior deliberately undermine the system."

Pictures of the Texas plant shown at the hearing depicted dead mice scattered about the facility. Despite the problems, the baking institute gave the plant a "certificate of achievement" that Representative Henry A. Waxman, Democrat of California, waved in front of witnesses.

"How could a facility that was in such deplorable conditions receive such glowing reviews?" asked Mr. Waxman, the chairman of the Energy and Commerce Committee. "And how is it possible that any of our witnesses could have relied on such flawed inspections?"

The committee contrasted the baking institute's audit with one conducted by an inspector for Nestle that found dozens of dead mice, a situation the auditor called "unacceptable."

Mr. Mackay of Kellogg listed nine steps that Congress should take to improve the nation's **food safety** system, including creating a single **food safety** agency, requiring that manufacturers have definitive plans to manufacture safely, providing federal authorities with mandatory recall authority and requiring annual government inspections of facilities making high-risk foods like peanut butter.

Many of those suggestions have broad support in Congress.

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**DOW JONES**

**USA TODAY.com**

MONEY

**Nestle did its own peanut inspection ; Vigilance saved it from recall {ndash} not so for Kellogg**

Elizabeth Weise; Julie Schmit

404 words

20 March 2009

USA Today

FIRST

B.1

English

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Foodmaker Nestle decided against doing business with Peanut Corp. of America after its inspectors found grossly unsanitary conditions at two processing plants, and lawmakers Thursday said that other companies should also have been that vigilant.

Nestle's auditors examined and rejected PCA plants in Georgia and Texas, both of which were involved in the largest food recall in history. Salmonella-contaminated peanut butter and peanut paste have so far sickened 691 and may have been a factor in nine deaths. More than 3,516 products were recalled.

"They (Nestle officials) said, 'Man, these are bad practices and we're not going to use them,'" said Rep. Bart Stupak, D-Mich., who chaired the House Energy and Commerce investigations subcommittee hearing on the industry's role in the outbreak.

Other food manufacturers relied on auditors paid by PCA. "Kellogg was sloppy," charged Rep. Henry Waxman, D-Calif. It relied on the American Institute of Baking, a Kansas-based third-party auditor that gave the Georgia plant a superior rating. Kellogg's Keebler and Austin peanut butter crackers were recalled.

Waxman also says PCA "hired the cheapest inspector they could possibly get," paying about \$1,500 when tougher "gold standard" audits cost \$20,000.

Kellogg's recall costs may reach \$70 million, the company has said. It purchased up to \$10 million in peanut products a year from PCA.

"I think we did everything we could do," David Mackay, Kellogg's chief executive, told lawmakers. He said Kellogg used common industry practices, but PCA was an "unethical, dishonest supplier" that was prepared to put people's lives at risk. Kellogg has 1,000 ingredient suppliers, he says. It will now do its own audits of those making products most vulnerable to bacterial contamination.

Nestle's audits took place at PCA's Georgia plant in 2002 and at the Texas plant in 2006.

The 2006 audit, released by the committee, found poor pest control, the lack of an environmental monitoring program for pathogens and the potential for cross contamination.

Similar problems were found in those plants by Food and Drug Administration inspectors earlier this year.

The 2002 Nestle audit noted deficiencies in housekeeping, pest control and the potential for microbiological cross contamination. It observed that PCA needed "a better understanding of the concept of deep cleaning."

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## Effort To Increase Ethanol Blend Draws Diverse Opposition

By Ian Berry  
Of DOW JONES NEWSWIRE  
831 words  
19 March 2009  
10:29  
Dow Jones News Service  
English  
(c) 2009 Dow Jones & Company, Inc.

CHICAGO (Dow Jones)--**Ethanol** supporters' push for an increase in the allowable **ethanol** blend rate is meeting resistance from a coalition of environmental and industry groups who want more time to determine if engines can handle the higher blends.

Although many grains traders have taken a more bullish stance on corn assuming an increase in the blending rate was likely, the opposition its approval is reason for caution, said MF Global Director of Research Rich Feltes.

"This rally in the corn market has been partly predicated on this new (presidential) administration finally starting to focus on the **ethanol**, and coming out very vocally for upping the **ethanol** percentage," Feltes said. "That is part of what we have built into the corn price right now."

CBOT May corn climbed more than 50 cents from an intraday low on March 2 to an intraday high on March 16, in part because of optimism about **ethanol** demand.

U.S. Secretary of Agriculture Tom Vilsack earlier this month called for an increase in the **ethanol** blend in gasoline to as high as 15%, but said an increase to 12% or 13% would be more plausible in the immediate future. There is a waiver request with the Environmental Protection Agency to increase the rate to 15%, but that will take until at least the end of the year to resolve, and the **ethanol** industry is hoping the EPA allows for an immediate incremental increase in the meantime.

But groups ranging from the Alliance of Auto Manufacturers to the American Lung Association are opposing the increase, at least for now.

"The engines in automobiles haven't been proven to run on this new fuel, and we're concerned about engine damage since engines so complicated and automobiles in general are so complicated," said Wade Newton, spokeswoman for the Alliance of Auto Manufacturers.

Newton said the alliance favors steps to increase the number of E-85 fuel stations and infrastructure across the country, which would encourage purchase and production of flex-fuel vehicles.

Opponents say there has been some research into the effects of higher **ethanol** blends, and that tests by the U.S. Department of Energy continue and more time is needed to determine what happens once a vehicle has run tens of thousands of miles on E-12 or E-13.

"We need to test cars essentially to their full usable life," said Jeremy Martin, senior scientist with the Union of Concerned Scientists.

Advocates of the change say the struggling **ethanol** industry can't wait.

Renewable Fuels Association spokesman Matt Hartwig said the science does support a change to E-12 or E-13. The group is calling for the EPA to change the blending cap now while testing for higher levels continue.

"We believe when science is in, there is a number in excess of 10% we can move to and we need to be moving in that direction as quickly as possible," Hartwig said.

Increasing the amount of **ethanol** that is used is key to maintaining investment in second-generation biofuels, which are key to meeting the renewable fuels mandate in the future, he said.

**Ethanol** supporters also say that without an increase in the blend rate, producers will at some point be

2 of 2

unable to meet the renewable fuels mandate. "You need to ensure that the volumes called for in the renewable fuel standard have a place to go," Hartwig said.

A. Blakeman Early, environmental consultant with the American Lung Association, said that's not reason enough to make a rash decision.

The association opposes any increase until testing is finished. They and other clean-air groups say it's unclear if the higher blend would ultimately damage cars' pollution control equipment, leading to higher emissions. Also, Early said, automobile warranties are uniformly based on cars using nothing more than an E-10 blend, and that using a higher blend would void those warranties.

Also opposed because of the potential for equipment damage are groups for boats, outdoor power equipment and snowmobiles. Kris Kaiser, executive vice president with the Outdoor Power Equipment Institute, said, "What's lacking from this discussion is the effect on everyday consumers. Every piece of equipment you use is not designed for it, or built for it, or warrantied for it."

He said the group is open to increasing the blend through the waiver process, which is more deliberative and calls for a lot of study. "Nobody's anti-**ethanol**, you just have to design for it," he said.

Feltes said those in the agriculture industry and futures traders may not recognize the array of other interest groups that could work against **ethanol** as blending rates increase.

"I think it's safe to say the easy gains in mandating higher **ethanol** are clearly behind us," Feltes said.

-By Ian Berry, Dow Jones Newswires; 312-341-5778; ian.berry@dowjones.com. [ 03-19-09 1029ET ]

Document DJ00000020090319e53j0007k

# The Washington Post

## Major Decline Found In Some Bird Groups

But Conservation Has Helped Others

By Juliet Eilperin  
Washington Post Staff Writer  
Friday, March 20, 2009; A02

Several major bird populations have plummeted over the past four decades across the United States as development transformed the nation's landscape, according to a comprehensive survey released yesterday by the Interior Department and outside experts, but conservation efforts have staved off potential extinctions of others.

"The State of the Birds" report, a broad analysis of data compiled from scientific and citizen surveys over 40 years, shows that some species have made significant gains even as others have suffered. Hunted waterfowl and iconic species such as the bald eagle have expanded in number, the report said, while populations of birds along the nation's coasts and in its arid areas and grasslands have declined sharply.

"Just as they were when Rachel Carson published 'Silent Spring' nearly 50 years ago, birds today are a bellwether of the health of land, water and ecosystems," Interior Secretary Ken Salazar said in a statement. "From shorebirds in New England to warblers in Michigan to songbirds in Hawaii, we are seeing disturbing downward population trends that should set off environmental alarm bells."

Conservation efforts have saved birds such as the peregrine falcon and have allowed various wetland birds to flourish, and scientists said that shows that other species can reverse their declines if they receive sufficient support from federal agencies and private groups.

"When we try, we can do it," said John Fitzpatrick, executive director of the Laboratory of Ornithology at Cornell University. "There are now populations and habitats across the country begging for us to do it."

The species in decline are being affected by climate change, habitat destruction, invasive species and disease, among other factors, the report said. More pedestrian threats, such as collisions with buildings and attacks by feral cats, have diminished birds' numbers in some urban and suburban areas.

Hawaii, more than any other place in the country, highlights the challenge that native American birds face. Seventy-one bird species have disappeared since humans colonized the Hawaiian islands in A.D. 300, and 10 others have not been spotted in years. At the moment, more than a third of the bird species listed under the Endangered Species Act are in Hawaii, but state and federal agencies spent \$30.6 million on endangered birds there from 1996 to 2004, compared with more than \$722 million on the mainland.

"In Hawaii we've got lots of imminent extinctions but not enough resources being spent on them," said George E. Wallace, a vice president of the American Bird Conservancy.

With sufficient funding, he argued, federal managers could restore Hawaiian birds' habitat and protect them from introduced species such as pigs, sheep and deer that threaten their survival. He estimated it would cost \$15 million to install extensive fencing for the Palila, a Hawaiian honeycreeper whose numbers declined from 6,600 birds in 2003 to 2,200 in 2008.

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Bird advocates have had more success raising money to protect North American waterfowl, which have the support of a powerful political constituency in sport hunters. The U.S. government has raised \$700 million for wetlands conservation through the sale of Federal Migratory Bird Hunting and Conservation Stamps, better known as "duck stamps," and a coalition of private groups and agencies in Canada, the United States and Mexico has raised more than \$3 billion over the past 20 years to protect more than 13 million acres of waterfowl habitat. Taken as a whole, the 39 species of hunted waterfowl that federal managers track have increased 100 percent over the past 40 years.

In some cases, however, public and private protections for key bird species are in jeopardy. The Conservation Reserve Program provides federal money to farmers to preserve vital habitat on which species such as the lesser prairie chicken depend, but contracts encompassing 3.9 million acres are set to expire by the end of September. Michael J. Bean, who directs the wildlife program for the Environmental Defense Fund, an advocacy group, said losing those grasslands "could be the tipping point that makes an endangered species designation for the lesser prairie chicken unavoidable."

Placing the bird on the endangered species list, Bean added, could make it more difficult for entrepreneurs to build wind projects in the southern Plains. Birds that breed only in grasslands have declined by 40 percent over the past four decades.

Elsewhere in the country, conservationists are trying to protect rare bird species before disease can strike. On Santa Cruz Island, off California's southern coast, part of the Channel Island chain, Nature Conservancy officials are conducting a vaccination campaign aimed at protecting the island scrub jay from the West Nile virus, which has hurt some related species on the mainland.

Scott Morrison, the conservancy's director of conservation science in California, said his group has determined that the virus has yet to infect the island's unique bright blue birds even as incidence of West Nile among birds in nearby Ventura County nearly doubled from 2007 to 2008. While the scrub jay's remote location offers some protection, vaccination offers even more.

"There's evidence, anecdotal, this [vaccination] could actually be a useful strategy to guard against this disease," Morrison said, noting that scientists had already vaccinated California condors against the virus. "If it comes over tomorrow, maybe we would avoid some of these scary drops in numbers, for at least a subset in population."

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**The New York Times****JULY 17**

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**March 20, 2009**

## **One Third of U.S. Bird Species Endangered, Survey Finds**

**By CORNELIA DEAN**

Habitat destruction, pollution and other problems have left nearly a third of the nation's 800 bird species endangered, threatened or in serious decline, according to a study issued on Thursday.

Described as the most comprehensive survey of American bird life, the report analyzed changes in the bird population over the last 40 years. "This report should be a call to action," Interior Secretary Ken Salazar said at a news conference in Washington.

Citing surveys by government agencies, conservation organizations and citizen volunteers, the report said that the population of grassland birds had declined by 40 percent and birds in arid lands by 30 percent. It estimated that 39 percent of bird species that depend on American coastal waters were in decline.

Many forest birds are threatened by urban sprawl, logging, wildfires and "a barrage of exotic forest pests and disease," the study said.

In Hawaii, the home of more than a third of American bird species, the situation is particularly grim, the report said. Most of that state's bird species are in danger.

Climate change will make things worse, and work is urgently needed to prevent "a global tragedy" of bird loss, the report added.

But there was also an upbeat side to the news conference. The study found that herons, egrets, ducks and other birds that benefit from wetlands conservation were rebounding. Findings like this "show us that conservation can really work," Mr. Salazar said.

Other speakers agreed. The report's gloomy assessment makes it "a key document," said John Hoskins of the United States North American Bird Conservation Initiative, an umbrella group for public and private efforts. But its data also show that "when agencies, organizations and individual citizens work together to conserve precious resources, some really good things happen," Mr. Hoskins said.

The report draws on data collected by the federal Fish and Wildlife Service and the United States Geological Survey, organizations like the American Bird Conservancy and the Cornell Lab of Ornithology, and volunteer participants in the Christmas Bird Count of the National Audubon Society.

John Fitzpatrick, the director of the Cornell laboratory, which also oversees citizen bird-counting, said that a wealth of data gathered in such volunteer efforts had helped scientists make major strides in assessing the



health of bird populations and in drawing more general conclusions about the environment.

Beyond taking part in counting efforts, the report urged ordinary citizens to assist conservation by drinking shade-grown coffee (coffee-growing in the shade helps preserve the winter habitat of species like warblers), donating unused binoculars for distribution to biologists in the tropics, reducing pesticide use, landscaping with native plants and keeping pet cats indoors.

“Education is urgently needed to make the public aware of the toll of pet cats,” Darin Schroeder of the American Bird Conservancy said at the news conference.

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## Dow Jones Newswires

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### WSJ: Obama Admin Releases Report On Endangered Bird Species

By Stephen Power  
530 words  
19 March 2009  
14:38  
Dow Jones News Service  
English  
(c) 2009 Dow Jones & Company, Inc.

Of THE WALL STREET JOURNAL

WASHINGTON (Dow Jones)--Nearly a third of the nation's 800 bird species are endangered, threatened or in "significant decline" because of habitat loss, invasive species, and other threats, according to a report announced Thursday by the Obama Administration and billed as the first comprehensive analysis of the state of the nation's birds.

The report's findings could have implications for business groups because they point to energy development, suburban sprawl and agricultural practices as being among the activities threatening bird species. For example, the report says high commodity prices for corn and other grain caused by the growing demand for food and biofuels have put pressure on farmers to convert grasslands to growing crops, threatening birds' habitat. Oil and gas development in the west, meanwhile, is affecting birds such as the Greater Sage-Grouse by fragmenting big blocks of their breeding grounds, the report says.

(This story and related background material will be available on The Wall Street Journal Web site, WSJ.com.)

Interior Secretary Ken Salazar is expected to announce the report's findings at a news conference Thursday afternoon. The Obama Administration has signaled it plans to take a more critical look at projects funded by the government that could threaten wildlife, announcing earlier this month that it would put on hold a regulation issued by the Bush Administration last December that would have allowed federal agencies to bypass consultation with the U.S. Fish and Wildlife Service or the National Marine Fisheries Service when deciding on whether new projects such as dams and roads could harm wildlife.

"We're hoping there will be greater heed to the science and just a greater consideration of wildlife" under the new administration, Steve Holmer, a spokesman for the American Bird Conservancy. Holmer said that while the number and scope of threats to birds is large, actions to protect them have tangible benefits, in the form of insect control and economic activity generated by bird watching. A study by the U.S. Fish and Wildlife Service found that wildlife watching generates \$122 billion in economic output annually and that one in every four American adults is a bird watcher.

The U.S. is home to more than 800 bird species. Among these species, 67 are listed as endangered or threatened by the federal government, the report says. In addition, more than 184 species are designated as species of "conservation concern," the report adds.

The report says the birds of Hawaii - home to more than a third of all the bird species listed as endangered or threatened in the U.S. - are in the greatest peril. Since humans colonized the islands in 300 AD, according to the report, 71 Hawaiian bird species have gone extinct, and 10 others have not been seen in as long as 40 years.

The report is based on 40 years of data analyzed by the U.S. Fish and Wildlife Service, U.S. Geological Survey, state government wildlife agencies, and various non profit groups, including the American Bird Conservancy and the National Audubon Society. [ 03-19-09 1438ET ]

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### UPDATE 3-High risk for flooding in US Red River Valley-NOAA

518 words  
19 March 2009  
15:37  
Reuters News  
English  
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(Adds information about impact on farms in paragraphs 8 and 9)

WASHINGTON, March 19 (Reuters) - Deep snow and heavy rains have elevated the risk for serious flooding in parts of the U.S. Midwest, especially in the Red River Valley region of North Dakota, the National Oceanic and Atmospheric Administration said on Thursday.

Floods in the upper Midwest could rival high water levels seen in 2006 and possibly 1997, NOAA said.

"We are looking at a situation with all the ingredients for near-record flooding in the upper Midwest," said Jack Hayes, director of the National Weather Service, in a release.

In the Red River Valley, flooding poses an imminent and serious threat and will begin next week, the forecasters said, noting the crest of the river could be among the top five highest levels on record.

Local officials and emergency managers in the area are preparing their communities, Hayes said.

The Red River runs north, dividing North Dakota and Minnesota, before running through the flat southern plains of the Canadian province of Manitoba.

In 1997, it overflowed its banks, displacing about 50,000 Americans and 29,000 Canadians in small towns, farms and cities.

More than 1 million acres (0.4 million hectares) of wheat, soybeans and other crops on the U.S. side of the valley could go unplanted this spring, analysts said.

"We're set up for some pretty big problems for farmers getting their crops in the ground. We have a very short window to plant and grow the crop," said Dale Ihry, an official with the U.S. Agriculture Department in North Dakota.

Flooding at the Canadian end of the valley will be severe but will not be as bad as 1997, officials in Manitoba said earlier this week.

Farmland and a major highway may be under water for three weeks, Manitoba officials said.

### DROUGHT IN U.S. SOUTH TO PERSIST THROUGH JUNE

Drought gripping Texas, California, the Southeast and Wisconsin is expected to persist through June with "limited areas of improvement," NOAA said.

Drought could also develop from northern Virginia to New Jersey if dry weather continues.

Recent rains brought some relief to Texas and Northern California, but water levels in reservoirs are much below average and spring runoff is forecast to be below average, the NOAA said.

Texas and some parts of Florida had the driest winter on record.

In April, much of the U.S. Southwest and South will be drier than normal during April, but the lack of rainfall will shift to the U.S. Northwest in coming months, the National Weather Service said on Thursday.

The weather will be warmer than normal for much of the U.S. Southwest and south-central states through

2012

June, forecasters said.

Below-average temperatures will span west from Montana to Oregon and extend north to include much of Alaska. (Reporting by Roberta Rampton, Michael Hirtzer and Jasmin Melvin; Editing by Marguerita Choy)

WEATHER-USA/ (UPDATE 3)|LANGEN|ABX|AFA|CSA|LBY|RWSA|RWS|REULB|GNS|BNX|SXNA

Document LBA0000020090319e53j001r9

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**DOWJONES**

**USA TODAY.com**

NEWS

**Flood risk looms at N.D.-Minn. line ; Riverbank cities are sandbagging as rain, snowmelt likely to mix**

Emily Bazar  
455 words  
20 March 2009  
USA Today  
FINAL  
A.3  
English

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People living along the North Dakota-Minnesota border are filling sandbags, building earthen dikes and awaiting the arrival of the National Guard before potentially devastating floods hit next week.

Flooding on the Red River of the North could rival record floods of 1997, National Weather Service meteorologist Joanna Dionne says. Those floods destroyed vast swaths of Grand Forks, N.D., and East Grand Forks, Minn., sitting on opposite banks.

"They should be preparing for major and near-record flooding," Dionne says.

The Red River, which runs south to north, is likely to rise above flood level today in Fargo and Saturday in Grand Forks, Dionne says. It will begin to crest by the end of next week.

Flood level in Fargo is 18 feet. In mid-April 1997, the river crested there at more than 39 feet.

"We can withstand a 37- to 38-foot flood and not have any homes damaged or even sandbagged," Fargo City Administrator Pat Zavoral says. "When it gets above 38 feet, then things start to unravel for us."

An 8-mile earthen dike is under construction, he says. The city is calling for volunteers to begin filling as many as 2.5 million sandbags today.

The National Guard is scheduled to arrive Saturday morning to help with sandbagging and traffic control.

In Grand Forks, city officials say new levees, flood walls and other projects built after the last disaster will protect them to a level of 57 feet. Twelve years ago, the river crested at more than 54 feet there, damaging or destroying 83% of the homes.

"It looks like we're going to have our first major test this year," city spokesman John Bernstrom says.

Several things are contributing to the National Weather Service's dire prediction: There is still a thick blanket of snow on the ground. Because the ground underneath is frozen, there will be heavy runoff as it melts, Dionne says. Rain is forecast for next week, which is worrisome because it could compound the flooding, she says.

"People are very nervous. I'm nervous," says Bruce Schauer, owner of Wild Rice Bar & Grill, about 5 miles south of Fargo.

Schauer has added some reinforcements since the last flood and plans to fill at least 200 sandbags and stack them on the more vulnerable northern side of his building, which sits between the Wild Rice River and the Red River.

"Even if it's as bad as '97, that's going to be a big deal," Schauer says.

"We were shut down for 2 1/2 weeks."

Contributing: Bob Swanson

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### USDA and IRS will share income eligibility information

Thursday, March 19, 2009, 4:54 PM

by Bob Meyer

U.S. Ag Secretary Tom Vilsack and Treasury Secretary Tim Geitner have pledged to have their agencies work together to make sure the recipients of farm program payments meet maximum income requirements. The effort is in response to a G.A.O. report which found nearly \$50 million in farm program payments were made to ineligible recipients last year. The 2008 Farm Bill prohibits payments to anyone with a taxable non-farm income greater than \$500,000. The problem arose because USDA did not have access to Internal Revenue Service information.

Beginning with the 2009 crop year and for all successive years, USDA will require producers to sign a form granting IRS the authority to provide income information to USDA for verification purposes. Ag Department Press Secretary, Nayyera Haq says the Farm Service Agency will not receive actual tax data and Privacy Act provisions will be adhered to by the FSA. "We want to make sure that people understand we are absolutely protecting their privacy, that is our utmost concern."

If a producer does not sign the release form, they will not be eligible for farm program payments.

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## Full steam ahead on broadband initiative

Thursday, March 19, 2009, 10:48 AM

by Ken Anderson

The Obama administration is moving full steam ahead on its plan to bring high speed internet technology to all parts of the U.S.

Ag Secretary Tom Vilsack has announced another series of public meetings on the Broadband Technology Program, funds for which were included in the economic stimulus package. Congress authorized more than seven billion dollars to USDA and the Department of Commerce for the broadband initiative.

HughesNet is a company that provides high-speed satellite internet systems. Peter Gulla of HughesNet says many people are still not aware that satellite broadband is a viable option.

"I think people will traditionally think that they're going to contact either the phone company or the cable company and they ask for broadband—and often if they live in an area that's a little more rural, they get the answer, 'No'" Gulla says, "and they ask when it's coming and they say, 'Well, we're not certain', and they end their search there."

Gulla says satellite-based broadband delivers internet, no matter the location. "You can be a long, long way away from the infrastructure that's provided and you can get instant access to the internet and all the benefits there," he says.

Meanwhile, Wildblue, another marketer of satellite broadband, is apparently lobbying to be part of the fed's broadband initiative. Wildblue says it has the infrastructure in place, and that satellite broadband is the most cost effective and quickest way to deliver broadband to rural areas.

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[Link to HughesNet web site](#)

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## Farm Payments Now Require IRS Form

### USDA Tightens Controls on Payments With IRS Partnership



**Chris Clayton** DTN Ag Policy Editor

[Bio](#) | [Email](#)

Thu Mar 19, 2009 04:43 PM CDT

OMAHA (DTN) -- In an effort to combat fraud, everyone receiving USDA farm-program payments now will be required to sign a new form allowing the IRS to send income information to USDA for verification, or risk being ineligible for program payments.

The income verification will help USDA prevent high-income individuals and farm entities from improperly collecting farm-program payments. A Government Accountability Office report last fall found that, over a three-year period, more than 2,500 people with income levels above USDA income caps had collected more than \$49 million in program payments.

USDA announced a new partnership with the IRS on Thursday to verify the incomes of producers receiving farm payments that will require producers to authorize the release of income data from the IRS to USDA.

"One of the goals of this administration is to make certain that USDA payments are not issued to individuals and entities that exceed income eligibility limits established by law," Ag Secretary Tom Vilsack stated in a news release. "Once this verification system becomes fully operational, high-income individuals and entities will be identified by USDA before farm payments are actually distributed to them."

Treasury Secretary Timothy Geithner, who oversees the IRS, reiterated Vilsack's statement, saying the cooperative agreement will help aid USDA in implementing reforms. "The goal is to limit excessive payments while providing for fairness to family farmers."

According to USDA, beginning with the current crop year, producers will receive an IRS Form 8821 or a similar form that will authorize the IRS to release tax information to USDA. A USDA spokeswoman said this will be voluntary for producers, yet USDA stated "Failure to obtain such a form will make the producer ineligible for program benefits."

Under the agreement, USDA will not receive any tax records. The IRS will simply notify USDA when a taxpayer and farm-program recipient appears to



have too much income to be eligible for USDA programs. The IRS will report the tax ID numbers to USDA, but will not report the actual income amounts.

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"We will not have income data arriving here for individuals," a spokeswoman said. "Tax forms will not be at USDA or any of the agencies. All the tax information will remain within the IRS."

That arrangement will avoid USDA having to face attempts by private entities to request records on income of farmers receiving payments.

Just last month, USDA posted its handbook to county FSA offices detailing the payment-eligibility requirements and information for farmers. The handbook stated if USDA is checking to verify compliance, offices may ask for balance sheets, financial statements, information prepared for a lender, IRS and state income tax returns, reports prepared for other government agencies and other credible information of income. The handbook stated, "IRS and state income tax information may be requested by the reviewing authority if that is the only way to establish compliance with the average AGI provisions."

Under the 2008 farm bill, no one can collect commodity payments if their gross non-farm income is above \$500,000, averaged over three years. Farmers can also lose eligibility for direct payments if their adjusted gross income, averaged over three years, exceeds \$750,000. Landowners become ineligible for conservation payments if their AGI exceeds \$1 million, unless two-thirds of their income is derived from agriculture.

USDA's definition for adjusted gross income varies depending on the legal structure of the farm. For a person, AGI is simply the adjusted gross income on the IRS tax return, which includes all income, as well as net business income. For LLCs, LLPs, LPs, estates, trusts, corporations, subchapter S corps and others, there are more requirements, including total income, plus information on guaranteed payments to members and information on charitable contributions on the IRS return.

The IRS verification effort also comes as the Obama administration is attempting to tighten payment eligibility. The administration has proposed eliminating direct payments for producers who have gross sales above \$500,000. That proposal has struggled to gain support in Congress with even advocates for tighter payment limits arguing that the "gross sales" test is too restrictive.

Following USDA's announcement, Rep. Ron Kind, D-Wis., issued a statement saying he and Rep. Jeff Flake, R-Ariz., will introduce a bill that would increase penalties for people who intentionally violate USDA income or payment caps. Kind and Flake, who led failed efforts last year to restructure USDA commodity programs, said their bill is comparable to USDA's plan but would require USDA to submit the names of farmers to the IRS, which would then verify the producer's eligibility for payments under the income rules.

One of farmers' biggest fears is the public disclosure of more information about their operations. Already, a great deal of data on farm programs can be gleaned from Web sites such as the Environmental Working Group. The EWG has become a clearinghouse of information on payments in recent years. Don Carr, a spokesman for EWG, said USDA's announcement will help ensure payments go only to farmers who are eligible.

"As the nation works its way through these difficult financial times, EWG

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applauds the efforts of USDA and IRS to verify the income of farmers who receive hard-earned taxpayer subsidies and the effort of Representatives Kind and Flake to ensure that this becomes law," Carr said.

Chris Clayton can be reached at [chris.clayton@dtm.com](mailto:chris.clayton@dtm.com)

(AM)

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## Harkin: Ethanol Tariff Cut Unlikely Senators Keep Pushing for Lower Tariff on Ethanol Imports



**Chris Clayton** DTN Ag Policy Editor

[Bio](#) | [Email](#)

Thu Mar 19, 2009 01:11 PM CDT

OMAHA (DTN) -- Another attempt by coastal senators to lower the import tariff on ethanol is unlikely to get very far, the chairman of the Senate Agriculture Committee said Thursday.

Six senators on Wednesday co-sponsored a bill that would reduce the 54-cent-per-gallon tariff on imported ethanol to the same level as the 45-cent blenders' tax credit. The senators stated that lowering the tariff would make it more affordable for U.S. refiners to buy imported ethanol, as well as "raise revenue for the federal Treasury, due to an increase in expected imports. And it would improve relations with Brazil, which continues to threaten (World Trade Organization) action against the ethanol tariff."

"The current real trade barrier on sugar-based ethanol imported from Brazil and other foreign sources gives gasoline imports a competitive advantage," said Sen. Dianne Feinstein, D-Calif. "I believe this makes no sense, particularly given our nation's continued addiction to oil imported from the Middle East and other hot spots, as well as the volatility of global markets for fuels we put in our cars. This legislation provides a sensible policy fix."

Feinstein's co-sponsors include Sens. Judd Gregg, R-N.H.; Jeff Bingaman, D-N.M.; Susan Collins, R-Maine; Maria Cantwell, D-Wash.; and Mel Martinez, R-Fla. A similar bill was proposed in the last Congress, but did not advance.

The tariff has been a sore spot for Brazil, which would like to boost exports to the U.S. Further, Florida's state government has set a 10-percent ethanol mandate that goes into effect next year, and there would be greater opportunities for exporters without the tariff. Pipeline company Kinder Morgan, for instance, has established a 90-mile pipeline from the port in Tampa, Fla., to fuel distribution facilities in Orlando.

Senate Agriculture Committee Chairman Tom Harkin, D-Iowa, said he saw the news release from fellow senators about the tariff bill, but he said, "I don't think it will go anywhere."

Harkin said the domestic ethanol industry needs support to continue growing

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and shouldn't be hindered by the potential of cheaper ethanol coming in from foreign sources. Harkin and other ethanol supporters have been pushing to increase allowable blend levels in ethanol above 10 percent for most vehicles.

"The ethanol industry, as you know, is sort of in a big slump now even though we need the ethanol," Harkin said. "And so the first thing we need to do is raise the blend wall ... We've got to raise it to 15 percent rather than 10 percent. That will start to get more ethanol out there."

Further, Harkin said more effort is needed to increase the number of flex-fuel cars on the market, and gas stations need to install more blender pumps to increase the blend levels added to vehicles.

"We can talk about tariffs on imported ethanol and stuff down the road somewhere down the road," Harkin said.

Chris Clayton can be reached at [chris.clayton@dtm.com](mailto:chris.clayton@dtm.com).

(AM)

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03-19-09

## **Chambliss to Vilsack: no need to cut farm programs to feed kids**

**By Agri-Pulse Staff**

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Senator Saxby Chambliss (R-GA), Ranking Member of the Senate Agriculture Committee, and seven other Republican senators wrote Agriculture Secretary Tom Vilsack Thursday urging him to “refrain from pitting the needs of children against the men and women who produce the food, feed, fiber and fuel we consume every day.” As part of the Obama administration’s proposal for the 2010 federal budget, Vilsack has explained that tough choices are required and that the upcoming reauthorization of the school nutrition program and the larger agenda of the Department of Agriculture presents a choice between 30 million children or 90,000 farmers.

In the letter, the Senators say Congress can reauthorize the school nutrition programs, provide adequate funding to meet the urgent needs of our children, while at the same time maintaining the support promised in the 2008 farm bill to U.S. production agriculture. They add that “USDA has responsibility for a wide variety of interests, certainly we should be able to advocate for one without vilifying another.”

Text of the letter is below:

March 19, 2009

The Honorable Tom Vilsack  
Secretary  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

Dear Secretary Vilsack:

We are very concerned by recent comments you made regarding the President’s proposed fiscal year 2010 budget request for the Department of Agriculture.

You recently stated that the upcoming reauthorization of the school nutrition program and the larger agenda of the Department of Agriculture is a choice between 30 million children or 90,000 farmers. We believe you could not be more wrong about the choices that will confront policy makers and we sincerely hope you refrain from pitting the needs

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of children against the men and women who produce the food, feed, fiber and fuel we consume every day.

The President's proposed FY10 budget request clearly illustrates the priorities of the Administration. In light of the bipartisan opposition accompanying the budget and the reckless manner in which the budget cuts support to farmers and ranchers, we believe several of the proposals need to be reexamined. Congress can reauthorize the school nutrition programs, provide adequate funding to meet the urgent needs of our children, while at the same time maintain the support we promised in the 2008 farm bill to U.S. production agriculture.

The FY10 budget proposed request provides a phase out of direct payments, one of our most trade compliant forms of support, to farms with sales above \$500,000. Of the 2.2 million farms in the United States, there are 120,859 with sales above \$500,000 representing 74 percent of all production value in the United States. Of those farms, the vast majority receive some form of government payments that will be impacted by the proposal. Furthermore, the \$500,000 threshold disregards the costs to produce our country's food, feed, fiber and fuel every day. As a former Governor of Iowa you obviously know that farmers have variable operating costs and in some years their input prices, through no fault of their own, often exceeds the price of the crop they deliver to the elevator, mill or gin. In fact, the \$500,000 limit in the budget proposal would easily hit a medium sized corn and soybean farm of only 1,000 acres. Any of your former constituents would tell you that 1,000 acres is not a large "corporate megafarm" or agribusiness in Iowa.

The farm safety net is one that is counter-cyclical in nature and exists to help farmers and ranchers produce the safest, most abundant and cheapest food supply in the world. We applaud your comments about diversifying income opportunities for farmers through renewable fuels and value added agriculture, but your opportunities are only concepts at this point and cannot provide the needed support overnight. Producers cannot flip a switch and change their production methods. They have invested billions of dollars in existing operations upon which many others depend. Change must be thoughtful and implemented gradually so there is minimal disruption.

We think it is unfair and unproductive for you to attack the very farmers and ranchers who form the foundation of our rural economy. These farmers and ranchers who represent the vast majority of agricultural production deserve a USDA that will fairly represent them and not put forward false choices. USDA has responsibility for a wide variety of interests, certainly we should be able to advocate for one without vilifying another. We look forward to working with you on improving the farm safety net, but you should not confuse the existing safety net for one that is not yet designed based on highly speculative "green" payments or a cap and trade regime.

Very truly yours,

U.S. Senator Saxby Chambliss (R-Ga.)

U.S. Senator Thad Cochran (R-Miss.)

U.S. Senator John Cornyn (R-Texas)

U.S. Senator Mike Crapo (R-Idaho)

U.S. Senator James Risch (R-Idaho)

U.S. Senator Pat Roberts (R-Kan.)

U.S. Senator John Thune (R-S.D.)

U.S. Senator David Vitter (R-La.)

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## ACRE — 'anomaly' of politics

Mar 19, 2009 9:40 AM, By David Bennett  
Farm Press Editorial Staff

**ACRE was supported by only a handful of groups and senators. Such programs don't normally get into a farm bill.**

Scan agricultural Web sites and it's quickly apparent the new farm bill's ACRE (Average Crop Revenue Election) program has not received a multitude of positive reviews. At the recent LSU AgCenter-sponsored AgOutlook Conference in Baton Rouge, Stephanie Mercier, chief economist for the Senate Agriculture Committee, explained how the new farm bill's ACRE and disaster programs came to be.

ACRE was "a concept developed by the National Corn Growers Association and American Farmland Trust," said Mercier. "It was included originally in Chairman (Tom Harkin's) mark in the Senate Agriculture Committee, where it was modified. Further modifications were made in conference committee."

ACRE's adoption is sort of an "anomaly" in the political process, said Mercier. It was only supported by a handful of groups and senators. Under those circumstances, "such programs don't normally get into a farm bill."

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"However, ACRE had two things going for it. First, according to the Congressional Budget Office, it generated savings — something we needed very badly. Second, it is an option for farmers. They can choose to go with ACRE or stay with the current program."

### ACRE — few answers for questions

With ACRE as an option, beginning this crop year, "farmers will have the choice to enroll all program crops and peanuts on a given farm. They'll have that same choice through 2012 — but once they're in the program, they're in for the length of the farm bill."

This is not a choice without cost. "There is, essentially, an entry fee for going into ACRE. If you go in, you'll give up 20 percent of the direct payment you're currently entitled to and will also lose 30 percent of your loan rate."

However, it will be "pretty attractive" to producers of some crops. Mercier pointed to a comparison of the current target price for a specific crop alongside the estimate of its ACRE price guarantee. She pointed out these are preliminary numbers — the final numbers won't be available until all the data for the 2008 crop year is in.

- Corn: 2009 target price of \$2.63 per bushel. ACRE price, \$3.64.
- Wheat: \$3.92 per bushel/\$5.97.
- Soybeans: \$5.80/\$8.71.

"There are a lot of people who believe this will be a very attractive option for producers of corn, wheat and soybeans."

- Rice: \$10.50 per hundredweight/\$13.19.

"There is a significant difference in the rice prices. The downside is rice farmers would have to give up a quarter of their direct payment, about \$25 per acre. That'll discourage some rice producers."

- Cotton: \$0.7125 per pound/\$0.494.

"ACRE won't be attractive at all to cotton farmers. There is a significant disadvantage" for the crop.

As for features of the ACRE program, "you're eligible to receive payment based on the state level revenue for your crop. That is 90 percent of the state average price, the last two-year national average and a five-year moving average of state average yields."

The payment will be made on 83.3 percent of planted acres, which is a change of the current program based on a long-term base. The maximum payment will be 25 percent of the overall guarantee.

"Another important feature is it can't move up or down more than 10 percent in a given year. So, for example, if the price for corn ends up at \$3.64 for 2009, it can't be more than, roughly, \$4 and no less than around \$3.20 for 2010."

### Disaster program

Another main feature of the new farm bill is a standing agriculture disaster program.

"There was a lot of frustration in Congress over how difficult it was to get ad hoc assistance the last several years. In particular that was true because the Bush administration insisted on offsets instead of treating it as emergency spending."

Support for inclusion of this package in the farm bill was focused on by a few states that have experienced many disasters and fought for disaster payments over the last few years. Mercier said these were the top participants of ad hoc assistance (in terms of ad hoc share) between 2001 and 2004: Texas, 10.99; North Dakota, 8.33; Florida, 8.33; South Dakota, 7; and Kansas, 6.78. It is worth noting that barring Florida, no Mid-South or Southeast state was in the top 10.

What does the new disaster package do?

"It intends to cover a shortfall in crop revenue on farms rather than pay out on a crop-by-crop basis as was done previously. It does require that a farmer purchase at least catastrophic crop insurance. If that isn't available, then NAP (Non-insured crop disaster Assistance Program) is required for all crops of economic significance on the farm."

The program is available to farmers in disaster-designated counties (including contiguous counties) or to farmers with greater than a 50 percent loss on the farm.

"It calculates the gap between a guarantee based on crop insurance coverage — plussed up by 15 percent — and actual farm revenue. It's currently available for 2008 through 2011. However, I'll tell you, as long as Max Baucus is chairman of the Senate Finance Committee, this program will probably get more money."

Other components of the program:

- Livestock Indemnity Program pays 75 percent of value of animals lost due to natural disaster.
- Livestock Forage Disaster Program provides payments based on severity of drought conditions.
- Tree Assistance Program.
- Emergency assistance for livestock, honeybees, and farm-raised fish. "This is sort of catchall fund, \$50 million annually, that doesn't fit under other categories."

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**Find this article at:**

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**chicagotribune.com**

## **Dog eats \$400 in cash, but NC woman manages to find parts of three \$100 bills and five \$20s**

By Associated Press

1:23 PM CDT, March 19, 2009

APEX, N.C. (AP) — A North Carolina family's dog didn't eat the children's homework, he ate mom's money. Kelley Davis said she had an extra \$400 in cash to deposit after working extra hours as a physical therapist. She told the News & Observer of Raleigh that on Friday she planned to deposit the money, but it wasn't in her pocket.

She remembered leaving it in the bedroom and it occurred to her that the family's 2-year-old greater Swiss mountain dog, Augie, might have eaten it.

Davis, 42, said when she took Augie for a walk Saturday, she found parts of three \$100 bills and five \$20s in his leavings. She washed them with a garden hose and hopes to find enough pieces to exchange them for cash.


A professor at the North Carolina State University Veterinary School said the money shouldn't hurt the dog.

Information from: The News & Observer, <http://www.newsobserver.com>


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